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Proposed Attorneys for the Debtor and Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	
	:	Chapter 11
HBL SNF, LLC, d/b/a EPIC REHABILITATION AND NURSING AT WHITE PLAINS,[1]	:	
	:	Case No. 21-22623 (SHL)
Debtor.	:	

DECLARATION OF LIZER JOZEFOVIC PURSUANT TO LOCAL BANKRUPTCY RULE 1007-2 AND IN SUPPORT OF THE CHAPTER 11 SUBCHAPTER V PETITION AND FIRST DAY MOTIONS

Lizer Jozefovic declares as follows pursuant to 28 U.S.C. § 1746:

1. I am the Chief Executive Officer of HBL SNF, LLC, d/b/a Epic Rehabilitation and Nursing Center at White Plains (the "Debtor" or "Company"). In accordance with the Local Bankruptcy Rule ("L.B.R.") 1007-2 of the United States Bankruptcy Court for the Southern District of New York ("Bankruptcy Court"), I submit this declaration ("Declaration") in connection with the Debtor's voluntary petition for relief under Subchapter V of Title 11 of the United States Code (the

[1] The Debtor's principal office is located at 120 Church Street, White Plains, New York 10601. The last four digits of its taxpayer identification number are 6045.

"Bankruptcy Code") filed in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court" or this "Court") on November 1, 2021 (the "Petition Date").

2. I am familiar with the business and financial condition of the Debtor. Except as otherwise indicated herein, the facts set forth in this Declaration are based on my personal knowledge, my review of relevant documents, information provided to me by the Debtor's management, employees or professionals, or my opinion based upon my experience, knowledge, and information concerning the Debtor's operations and the industry in which it operates. Unless otherwise indicated, all financial information contained herein is presented on an unaudited basis.

3. If I were called to testify, I would testify competently to the facts set forth in this Declaration, and I am authorized to submit this Declaration on behalf of the Debtor.

4. On the Petition Date, I caused the Debtor to file a voluntary petition for relief under Subchapter V of Chapter 11 of the Bankruptcy Code in the Bankruptcy Court (the "Case"). A copy of the resolution authorizing the filing of the Debtor's Case is attached to its petition and incorporated by reference herein.

I. Corporate Structure and Nature of the Debtor's Business

5. The Company is a New York registered limited liability company formed on or about August 14, 2012. The members of the Company are Westchester Health Care Properties I, LLC (51%), HHH Liquidation Trust (successor to Hebrew Hospital Home of Westchester, Inc.) (39%),[2]

[2] Hebrew Hospital Home of Westchester, Inc. ("HHHW") is a debtor in jointly administered chapter 11 cases pending before the Bankruptcy Court entitled *HHH Choices Health Plan, LLC, et al.*, Case No. 15-11158 (MEW) (Bankr. S.D.N.Y.) (the "HHH Cases"). HHHW's plan of reorganization was confirmed on November 2, 2017. As will additionally be disclosed in connection with any retention or compensation application for proposed counsel to the Debtor herein ("KWJSS"), KWJSS is counsel to Sean C. Southard, Esq., as plan administrator of Hebrew Hospital Senior Housing, Inc., an affiliated debtor in the HHH Cases. KWJSS does not believe any conflicts of interest exist on account of these connections, whether actual or potential. This is so since in both roles, KWJSS's client is interested in maximization of value of the Debtor entity and the HHH Liquidation Trust's interests in the same.

and Bethel Nursing Home Company, Inc (10%). I and Mark Neuman, the Debtor's Chief Financial Officer (the "CFO"), together with Danielle Feminella, the Vice President of the Debtor, are the only officers of the Company.

6. I have served as the Chief Executive Officer of the Company since its inception. For over two decades I have owned and operated skilled nursing and rehabilitation facilities in New York State which consistently provide the highest levels of care. The Company is one of a family of rehabilitation and long-term care facilities operated through Epic Healthcare Management, LLC along the east coast of the United States, from New York to Florida, and one of six such facilities owned, directly or indirectly, by myself and Mr. Neuman throughout New York's Westchester County, Hudson County and Orange County.

7. The Debtor is a 160-bedroom skilled nursing and rehabilitation facility located at 120 Church Street, White Plains, New York, which opened in late 2019. As of the Petition Date, the facility is approximately 75% occupied. The Debtor maintains a staff of over 250 employees, including registered nurses, therapists and other healthcare professionals, and offers both short-term and long-term care to its patients and residents. The Debtor provides an array of healthcare services, including neurological, respiratory, orthopedic, occupational, psychiatric, and many other medical and rehabilitative services. The annual gross revenue of the Debtor for fiscal year 2020 was over $10 million.

II. The Debtor's Capital and Debt Structure

8. The Debtor's financial obligations and debt structure are intertwined with its development and leasing arrangements with White Plains Healthcare Properties I, LLC ("WPHCP"), the owner of the Debtor's operating premises located at 116-120 Church Street, White Plains, New York (the "Real Property"). The Debtor's history with WPHCP is the subject of pending state court

litigation and provided the impetus for the filing of this Case by the Debtor, as discussed further below.

A. The Debtor's Development and Lease Agreements with WPHCP

9. In or around November 2015, the Debtor entered into certain agreements with WPHCP for the construction and finance of the Debtor's care facility. The Debtor executed that certain Development Agreement (as amended or modified from time to time, the "Development Agreement"), dated as of November 19, 2015, between the Debtor, as operator/tenant, and WPHCP, as developer.

10. In connection therewith, the Debtor additionally entered into that certain Amended and Restated Operating Lease (as amended or modified from time to time, the "Lease" and, together with the Development Agreement, the "Development and Lease Agreements"), dated November 19, 2015, by and between the Debtor, as tenant, and WPHCP, as Landlord.[3] The Lease provides that it commences upon the date WPHCP's work is sufficiently complete to accept patients as determined by the New York State Department of Health (the "NYSDOH") and the issuance of a Certificate of Occupancy.

11. Pursuant to the Development and Lease Agreements, WPHCP agreed to provide the necessary financing and construction management, and to obtain the necessary NYSDOH authorizations and approvals, in order to deliver to the Debtor a "turn-key" facility for operation by the Debtor as a skilled nursing and rehabilitation facility. The Debtor, as tenant and operator of the completed facility, agreed to pay, among other things, monthly fixed rent in the amount of

[3] The Debtor reserves all rights with respect to characterization of the Lease as a leasehold interest or a disguised financing transaction.

$506,096.50 for an annual amount of fixed rent of $6,073,158, to WPHCP, as landlord, over the thirty-year term of the Lease.

12. The Lease provides that the Debtor's obligations to WPHCP under the Lease are secured by, among other things, a first priority security interest and lien granted to WPHCP upon all of the Debtor's assets, including personal property, equipment and accounts receivable, and certificates of need and other authorizations of the Debtor with respect to operation of the facility as a skilled nursing facility. The Lease provides that WPHCP agrees to subordinate its lien on accounts receivable in favor of an accounts receivable lender to the Debtor upon certain conditions set forth therein.

13. As of the Petition Date, there is no UCC-1 Financing Statement of record filed against the Debtor by or on behalf of WPHCP.

B. Financing Obtained by WPHCP

14. In furtherance of its obligation to secure financing for the project, WPHCP entered into that certain Construction Loan Agreement (as amended or modified from time to time, the "Loan Agreement"), dated as of August 18, 2017, by and among WPHCP, as borrower, Security Benefit Life Insurance Company, as lender ("Security Benefit Lender"), and Security Benefit Corporation (together with Security Benefit Lender, "Security Benefit"), as agent, whereby Security Benefit Lender would make loans to WPHCP in an aggregate amount of up to $38,500,000, to be used to refinance an existing mortgage on the Real Property, pay the costs of construction and development of the facility, pay the costs of the beds, furniture, fixtures, personal property and equipment to be used at the facility, pay utilities fees and charges, and pay interest, taxes and other budgeted operating costs.

15. WPHCP's obligations under the Loan Agreement are secured by, among other things, that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage"), recorded August 31, 2017, granted by WPHCP to Security Benefit, and an Assignment of Leases and Rents (the "Assignment of Rents"), dated as of August 18, 2017, assigning all rents in and under all leases with respect to the Real Property. The Mortgage provides that WPHCP's obligations are secured by liens on real and personal property and all other rights and interests of WPHCP in the Real Property. However, property of the Debtor is expressly excluded from Security Benefit's Mortgage, which provides that "all property of tenants under any Lease…is excluded from the scope of this Security Instrument."

16. In connection with the financing, WPHCP, Security Benefit and the Debtor, as operator, entered into that certain Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of July 2017 (the "Security Agreement"), which provides for the Debtor's grant of a security interest in favor of Security Benefit in all of its assets constituting Collateral Property (as defined therein) as security for the payment and performance of, among other things, WPHCP's obligations under the Loan Agreement.[4] With respect to the Debtor's accounts receivable, Security Benefit's liens were granted "to the extent, but only to the extent, they are used in connection with or arise from the operation of the Collateral Property that are or will be subject to an Intercreditor Agreement with the [Debtor's] AR Lender."

17. Security Benefit filed a UCC-1 Financing Statement perfecting this security interest against the Debtor on September 19, 2017. The Debtor is not a party to the Loan Agreement and does not owe any amounts thereunder to Security Benefit. To the best of the Debtor's knowledge,

the balance owed by WPHCP to Security Benefit under the Loan Agreement was approximately $41,742,537.06 as of May 1, 2021.

C. Summary of Secured and Unsecured Debt

18. In light of the foregoing, any security interests of WPHCP are unperfected and avoidable and, in any event, the Debtor is in compliance with its obligations under its Lease with WPHCP as of the Petition Date. Security Benefit's security interests, while perfected, do not secure indebtedness owed by the Debtor. As a result, the Debtor submits that its secured indebtedness as of the Petition Date consists of approximately $195,553.00 owed to equipment finance suppliers.

19. The Debtor has unsecured debt with respect to its vendors, suppliers and other trade and general unsecured creditors, excluding debt owed to insiders and affiliates, in an aggregate amount outstanding of approximately $5,084,872.[5]

20. The Debtor reserves its right to modify or amend this description as additional information becomes available. Nothing herein should be deemed to be an admission with respect to the nature, priority, validity or extent of any lien on the Debtor's assets, and the Debtor reserves all rights with respect thereto.

III. The Debtor's Pending Litigation with WPHCP

21. After developmental and financing delays necessitating additional capital infusions, WPHCP obtained approval from the New York State Department of Health for the opening of the facility on December 2, 2019, two years later than contemplated under the Development Agreement. Despite this and other disputes concerning the Development and Lease Agreements, the Debtor

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[4] The Debtor is not in possession of a copy of the Security Agreement executed by the Debtor and reserves all rights with respect to the Security Agreement.
[5] Current as of September 30, 2021.

made all rent payments of over $506,000 per month as required under the Lease, commencing on October 30, 2019 (even before the opening of the facility and commencement of the Lease), totaling over $10,500,000 as of the Petition Date, which WPHCP accepted.

22. Despite the fact that the Debtor did not default under the Lease, WPHCP defaulted under its Loan Agreement with Security Benefit. Security Benefit issued multiple notices of default to WPHCP, commencing on October 16, 2019, for defaults including failures to establish a cash management account, make monthly interest payments, forward payments received from the Debtor, provide financial statements, and other defaults. Security Benefit commenced litigation against WPHCP attempting to foreclose against the Real Property, but these actions were discontinued as a result of a New York State moratoriums on such actions, which has been extended through January 2022. *See Security Benefit Life Insurance Company, Security Benefit Corporation v. White Plains Healthcare Properties I, LLC, et al.*, Index No. 55883/2021 (Sup. Ct. N.Y. 2021); *Security Benefit Life Insurance Company, Security Benefit Corporation v. White Plains Healthcare Properties I, LLC, et al.*, Index No. 621099/2021 (Sup. Ct. N.Y. 2021).

23. On January 7, 2020, attorneys for WPHCP sent the Debtor a letter alleging that the Debtor defaulted under the Development and Lease Agreements, purporting to terminate the Lease effective January 13, 2020 and seeking accelerated obligations allegedly due in the amount of $84,073,989.91. The Debtor disputes these alleged defaults and the effectiveness of the letter to terminate the Lease. As of the Petition Date, the Debtor is in substantial compliance with the Lease and has made all outstanding rental payments to WPHCP.

24. On September 18, 2020, WPHCP filed a complaint against the Debtor, myself and Mr. Neuman in the Supreme Court of the State of New York, County of Westchester (the "Complaint"), captioned as *White Plains Healthcare Properties I, LLC v. HBL SNF, LLC, et al.*,

Index No. 60278-20 (N.Y. Sup. Ct. 2020) (the "State Court Action"), containing various frivolous allegations regarding purported defaults by the Debtor under the Lease, seeking termination of the Lease and seeking recovery of over $84 million in alleged damages..

25. The Debtor and co-defendants filed an answer to the Complaint and asserted counterclaims and third-party claims against WPHCP, among others, seeking a declaratory judgment as well as an accounting, and money damages based upon fraud, fraud in the inducement, breach of contract, bad faith. On August 19, 2021, WPHCP filed a motion seeking entry of summary judgment against the Debtor, among others. As of the Petition Date, the Debtor had filed its opposition to WPHCP's summary judgment motion, but WPHCP had not yet filed its reply brief. WPHCP's motion has not yet been deemed to be fully submitted and remains *sub judice*.

IV. The Need for Filing the Debtor's Case and the Path Forward

26. The Debtor is generally financially and operationally sound but has been forced to file this Case as a result of the excessive damages sought by WPHCP in the pending litigation and in order to prevent the threatened abrupt termination of its Lease and ability to provide care and services to its patients.

27. The Debtor believes that filing this Case will allow it the opportunity to resolve its disputes with WPHCP, while minimizing disruption to its business and patients, by assuming and exercising its purchase rights under its Lease. The Lease provides the Debtor with an option to purchase the Real Property within the first fifteen (15) years of the Lease term for a purchase price of $65,055,000 by delivery of written notice to WPHCP, as further set forth in and pursuant to the terms and conditions of the Lease (the "Purchase Option").

28. In furtherance of these goals, during the Case the Debtor intends to (i) seek to resolve its disputes and fix its liability, if any, in connection with the development and lease transactions,

including by seeking to remove its pending litigation to the Bankruptcy Court, (ii) obtain third-party debtor-in-possession financing needed to pay its general obligations as they come due during this Case, (iii) obtain third-party exit financing that will allow the Debtor to exercise its Purchase Option under the Lease, and (iv) formulate a plan of reorganization that will provide for payment of all legitimate creditors in full and emergence from bankruptcy within the time prescribed by Subchapter V of the Bankruptcy Code.

V. First Day Motions

29. To enable the Debtor to operate effectively and minimize potential adverse effects during the pendency of the Case, the Debtor has requested certain relief in "first day" motions and applications filed with the Court concurrently herewith (collectively, the "First Day Motions").

30. The First Day Motions, summarized below, seek to implement procedures that will promote a seamless transition into the Case, allowing the Debtor to continue paying its employees, obtain necessary financing, and generally minimize any potential adverse effects on the Debtor's operations. I believe that the relief requested in each First Day Motion is necessary to preserve and maximize the value of the Debtor's estate, essential to the successful reorganization of the Debtor, and in the best interest of the Debtor's estate, creditors, patients, and other parties in interest.

A. Request for Appointment of Patient Care Ombudsman

31. Pursuant to section 333(a) of the Bankruptcy Code, given the nature of the Debtor's business as a healthcare business, the Debtor is requesting appointment of a patient ombudsman.

B. Employee Wage Motion

32. The Debtor filed its Motion for Entry of Interim and Final Orders, (I) Authorizing Payment Of Pre-Petition Wages, Employee Benefits And Expense Reimbursement; (II) Authorizing And Directing Banks To Honor Checks With Respect Thereto; And (III) Approving Payment Of

Post-Petition Wages, Employee Benefits And Expense Reimbursement (the "Wage Motion") requesting approval to pay its employees and to continuing making such payments in the ordinary course of its business. As the number of part time and per diem employees fluctuates during any given payroll period, the number of employees and payroll amounts are estimated in accordance with historical averages. The service of the Debtor's employees, and therefore the continuation of payment of wages and benefits and reimbursement of expenses as set forth in the Wage Motion, is essential to the continuation of the Debtor's business during the Case.

C. Debtor in Possession Financing and Cash Collateral Motion

33. The Debtor filed its Motion for Entry of Interim and Final Orders, Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503 and 507 and Fed. R. Bankr. P. 4001 and 9014, (I) Authorizing the Debtor to Borrower Pursuant to a Post-Petition Senior Secured Financing Facility and (II) To the Extent Necessary, Authorizing the Debtor's Use of Cash Collateral ("DIP Motion"). By the DIP Motion, the Debtor is requesting authorization to, among other things, (i) enter into a senior secured post-petition revolving credit facility in an aggregate amount of up to $4,000,000 with CNH Finance Fund I, L.P. (the "DIP Lender") on the terms set forth therein and in the Term Sheet attached thereto and definitive documentation therefor to be filed with the Court (the "DIP Facility"), of which $750,000 shall be available upon entry of an interim order approving the DIP Facility on an interim basis, and (ii) utilize cash collateral of WPHCP and Security Benefit, to the extent such authorization is required.

34. Although the Debtor granted security interests to each of WPHPC and Security Benefit pursuant to the Lease and Security Agreement, respectively, WPHPC's security interest is unperfected and avoidable, and the Debtor is not a party to WPHPC's loan agreement with, and has no obligations thereunder to, Security Benefit. Further, neither WPHCP nor Security Benefit has

control of the Debtor's bank accounts under a deposit control agreement or otherwise. In any event, WPHPC and Security Benefit are more than adequately protected by equity in the property securing their interests. The Debtor has received an appraisal, dated as of April 24, 2020, valuing the Real Property and related assets at between $56,800,000 and $74,900,000, a copy of which is attached hereto as Exhibit 6, while the Debtor is in substantial compliance with the Lease and the amounts owed to Security Benefit by WPHCP totaled less than $42 million six months before the Petition Date.[6] As additional adequate protection, the Debtor intends to pay post-petition rent and other charges in the ordinary course of business, in accordance with the terms of the Lease while this Case is pending, as set forth in the budget attached to the DIP Motion. The DIP Facility and use of cash collateral will allow the Debtor to maximize the value of its business as a going concern. As a result, I believe in the Debtor's business judgment that obtaining the DIP Facility and utilizing cash collateral as requested in the DIP Motion is in the best interests of the Debtor and all stakeholders, including WPHCP and Security Benefit.

35. The Debtor's use of proceeds of the DIP Facility in accordance with the approved budget attached to the DIP Motion is necessary to allow the Debtor to meet ongoing obligations, including its upcoming payroll obligations, and preserve and maximize the value of the Debtor's estate. Although the Debtor is generally financially sound, the timing of collections of substantial accounts receivable of the Debtor has resulted in a need for immediately available cash. I believe that absent access to financing, the Debtor will be unable to meet its obligations to vendors and employees and therefore suffer immediate and irreparable harm, to the detriment of its estate,

[6] As alleged by Security Benefit in its state court foreclosure action against WPHCP.

creditors and other stakeholders, including its over 250 employees and approximately 120 current patients.

36. The terms of the DIP Facility proposed in the DIP Motion are the most favorable terms available to the Debtor after diligent request and were negotiated in good faith and at arm's length with the proposed DIP Lender, who is an experienced lender in the healthcare business industry.

D. Motion for Continuation of Cash Management Systems

37. The Debtor filed its Motion for Interim and Final Orders (I) Authorizing the Debtor to (A) Use Existing Cash Management System; and (B) Maintain Existing Bank Accounts and Business Forms; and (II) Waiving Requirements of 11 U.S.C. § 345(B), requesting permission to continue its current banking and cash management system to ensure the Debtor can continue to operate its business in the most cost-effective, efficient manner during the course of this Case.

E. Motion for Continuation of Insurance Coverage and Premium Financing

38. The Debtor filed its Motion for Interim & Final Orders Authorizing Debtor to (I) Continue Honoring Prepetition Insurance Premium Finance Agreement; (II) Continue Pre-Petition Insurance Policies and Programs; and (III) Perform All Pre-Petition Obligations With Respect Thereto, requesting the ability to maintain its current insurance programs and premium financing agreements in order to ensure its ability to operate as a nursing facility and continue as a going concern.

F. Motion to File Patient Information Under Seal

39. The Debtor filed its Motion (I) for Authority to File Under Seal Separate Schedule F, Matrix and Other Documents Containing Patient Information; (II) to Authorize Certain Procedures to Maintain the Confidentiality of Patient Information; (III) to Modify Notice to Patients; and (IV)

for Relief from Required Form of Mailing Matrix With Regard to Separate Matrix, requesting the ability to file Schedule F, the Creditor Matrix and other documents that would contain private information of the Debtor's patients under seal. This will ensure the Debtor's ability to comply with the rules and requirements of the Bankruptcy Code while also ensuring the privacy of its patients is maintained.

VI. Additional Required Information Pursuant to L.B.R. 1007-2(a) and (b)

A. Debtor's Case Not Originally Commenced Under Chapter 7

40. The Debtor's case was not originally commenced under chapter 7 of the Bankruptcy Code. Accordingly, L.B.R. 1007-2(a)(2) is not applicable.

B. Pre-petition Creditors' Committee

41. In accordance with L.B.R. 1007-2(a)(3), to the best of the Debtor's knowledge, no pre-petition committee of unsecured creditors was organized.

C. Holders of the Twenty Largest Unsecured Claims

42. In accordance with L.B.R. 1007-2(a)(4), a list setting forth the Debtor's twenty (20) largest unsecured creditors, excluding those persons who constitute "insiders" under Bankruptcy Code section 101(31), of the Debtor is attached hereto as **Exhibit 1**. As required by L.B.R. 1007-2(a)(4), Exhibit 1 includes the creditors' names, addresses, telephone numbers (for persons familiar with the account, if available), amount of each claim, and an indication of whether the claims are contingent, unliquidated or disputed.

D. Holders of Five Largest Secured Claims

43. In accordance with L.B.R. 1007-2(a)(5), a list of the Debtor's five (5) largest secured creditors is attached hereto as **Exhibit 2**.

E. Summary of Assets and Liabilities

44. As required by L.B.R. 1007-2(a)(6), a summary of the Debtor's assets and liabilities is attached as **Exhibit 3**.

F. Debtor's Securities.

45. The Debtor does not have any stock that is publicly held. The members of the Debtor are Westchester Health Care Properties I, LLC, HHH Liquidation Trust and Bethel Nursing Home Company, Inc.

G. Property in Possession or Custody of Custodian

46. In accordance with L.B.R. 1007-2(a)(8), the Debtor has property in the possession of WPHCP with an aggregate value of approximately $4,400,000, comprised of a payment made to WPHCP in 2015 in the amount of $2,200,000 and a payment made to WPHCP in 2019 in the amount of $2,200,000 for which the Debtor has not received credit under the Lease.

H. Premises Where the Debtor Conducts Business

47. In accordance with L.B.R. 1007-2(a)(9), the Debtor has offices at 537 Route 22, Purdys, New York 10578 and operates the skilled nursing facility located at 120 Church Street, White Plains, New York 10601.

I. Location of Debtor's Assets and Books and Records

48. Pursuant to L.B.R. 1007-2(a)(10), the majority of the Debtor's books and records are located at the Debtor's office at 120 Church Street, White Plains, New York 10601.

J. Threatened or Pending Actions Against the Debtor

49. Pursuant to L.B.R. 1007-2(a)(11), a list of pending or threatened actions is annexed hereto as **Exhibit 4**.

K. The Debtor's Senior Management

50. Pursuant to L.B.R. 1007-2(a)(12), the Debtor's senior management consists of Lizer Jozefovic, as Chief Executive Officer, Mark Neuman, as Chief Financial Officer, and Danielle Feminella, as Vice President of Finance.

L. Operation of Business

51. In accordance with L.B.R. 1007-2(b), the Debtor intends to continue the operation of its business and the management of its property as a debtor and debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtor is a small business debtor within the meaning of Bankruptcy Code § 101(51D).

M. Payroll

52. In accordance with L.B.R. 1007-2(b)(1), the estimated amount of the bi-weekly payroll to employees (exclusive of officers, directors, stockholders and partners) for the thirty (30) day period following the Petition Date is approximately $644,581.63.

N. Officer Compensation

53. In accordance with L.B.R. 1007-2(b)(2)(A), the amounts paid and proposed to be paid for the thirty (30) day period following the Petition Date for services rendered by the Debtor's officers is approximately $0. Management fees are accruing but not paid or expected to be paid in the short term.

O. Financial Advisor

54. In accordance with L.B.R. 1007-2(b)(2)(C), the Debtor expects to seek to retain HMM, CPAs LLP as financial or business consultant.

P. Receipts and Disbursements

55. In accordance with L.B.R. 1007-2(b)(3), a schedule of estimated cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain

unpaid, other than professional fees, for the 30-day period following the Petition Date is attached hereto as **Exhibit 5**.

III. Conclusion

56. The Debtor believes that the protections afforded by Subchapter V of Chapter 11 will enable it to maximize the value of the Debtor for its creditors and its estate and protect the interests of its patients. The Debtor reserves the right to amend or supplement any of the schedules annexed hereto as exhibits in the event additional information is obtained during the course of the proceedings.

[remainder of page intentionally left blank]

I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Dated: New York, New York
November 1, 2021

Lizer Jozofovic,
Chief Executive Officer

Exhibit 1

Twenty (20) Largest Unsecured Claims[7]

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[7] Current as of September 30, 2021.

Fill in this information to identify the case:	
Debtor name	**HBL SNF, LLC**
United States Bankruptcy Court for the:	**SOUTHERN DISTRICT OF NEW YORK**
Case number (if known):	

☐ Check if this is an amended filing

Official Form 204

Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders

12/15

A list of creditors holding the 20 largest unsecured claims must be filed in a Chapter 11 or Chapter 9 case. Include claims which the debtor disputes. Do not include claims by any person or entity who is an insider, as defined in 11 U.S.C. § 101(31). Also, do not include claims by secured creditors, unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 20 largest unsecured claims.

Name of creditor and complete mailing address, including zip code	**Name, telephone number and email address of creditor contact**	**Nature of claim** (for example, trade debts, bank loans, professional services, and government contracts)	**Indicate if claim is contingent, unliquidated, or disputed**	**Amount of claim** If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
				Total claim, if partially secured	**Deduction for value of collateral or setoff**	**Unsecured claim**
Skyview Nursing Home		**intercompany loan from affiliated entity**				**$10,825,337.00**
Waterview Acquisition I, LLC		**intercompany loan from affiliated entity**				**$2,518,777.00**
DUE TO OTHERS NEED INFORMATION						**$1,100,000.00**
Park Manor Acquisition II, LLC		**intercompany loan from affiliated entity**				**$865,543.00**
DUE TO OWNERS						**$770,000.00**
MICHELMAN & ROBINSON, LLP 10880 WILSHIRE BLVD 19TH.FL LOS ANGELES, CA 90024						**$436,304.90**
PHARMSCRIPT,LLC 150 PIERCE STREET SOMERST, NJ 08873						**$234,741.35**
Epic Senior, LLC		**intercompany loan from affiliated entity**				**$174,963.00**
Putnam Operation Acquisition		**intercompany loan from affiliated entity**				**$165,830.00**
CENTRAL CARE SOLUTIONS 1420 E. LINDEN AVENUE LINDEN, NJ 07036						**$96,816.43**

Debtor **HBL SNF, LLC**
Name

Case number *(if known)*

Name of creditor and complete mailing address, including zip code	**Name, telephone number and email address of creditor contact**	**Nature of claim** (for example, trade debts, bank loans, professional services,	**Indicate if claim is contingent, unliquidated, or disputed**	**Amount of claim** If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
				Total claim, if partially secured	**Deduction for value of collateral or setoff**	**Unsecured claim**
LANGUAGE FUNDAMENTALS 1032 MAIN STREET FISHKILL, NY 12524						**$84,479.56**
MEMIC INDEMNITY COMPANY PO BOX 9500 LEWISTON, NE 04243-9500						**$84,223.30**
EMPRO STAFFING P.O. BOX 190331 BROOKLYN, NY 11219						**$75,332.82**
MEDFIRST STAFFING SERVICES, INC. 15 CUNNINGHAM DRIVE WESTORANGE, NJ 07052						**$75,000.00**
ALLSTATE MEDICAL 34 35TH. STREET BROOKLYN, NY 11232						**$71,301.33**
GERIMEDIX, INC. PO BOX 21117 NEW YORK, NY 10087-1117						**$70,910.50**
MEDLINE INDUSTRIES, INC. BOX 382075 PITTSBURGH, PA 15251-8075						**$66,359.16**
SECURE 360 INC. 1294 EAST 19TH. STREET 2ND. FLOOR BROOKLYN, NY 11230						**$57,342.45**
HEALTH FACILITY ASSESSMENT FUND 333 BUTTERNUT DRIVE STRACUSE, NY						**$46,480.00**
HMM,CPAs LLP 527 TOWNLINE ROAD SUITE 203 HAUPPAUGE, NY 11788						**$38,114.50**

Exhibit 2

Five (5) Largest Secured Claims

Creditor Name, Address, Contact Name, Telephone Number and Email Address, Where Available	Nature of Claim	Contingent, Unliquidated or Disputed	Amount of Claim
Security Benefit Corporation, as Agent for Security Benefit Life Insurance Company	Security Agreement	Contingent, Unliquidated and Disputed	$0.00
White Plains Healthcare Properties I, LLC	Lease	Contingent, Unliquidated and Disputed	$0.00

Exhibit 3

Summary of Assets and Liabilities[8]

[8] Current as of September 30, 2021. Unsecured debt excluding debt owed to insiders and affiliates totals approximately $5,084,872 as of September 30, 2021.

Fill in this information to identify the case:

Debtor name **HBL SNF, LLC**

United States Bankruptcy Court for the: SOUTHERN DISTRICT OF NEW YORK

Case number (if known) ____________

☐ Check if this is an amended filing

Official Form 206Sum

Summary of Assets and Liabilities for Non-Individuals

12/15

Part 1: Summary of Assets

1. ***Schedule A/B: Assets-Real and Personal Property*** (Official Form 206A/B)

1a. **Real property:** Copy line 88 from *Schedule A/B*.	$ **0.00**
1b. **Total personal property:** Copy line 91A from *Schedule A/B*.	$ **8,730,672.00**
1c. **Total of all property:** Copy line 92 from *Schedule A/B*.	$ **8,730,672.00**

Part 2: Summary of Liabilities

2. ***Schedule D: Creditors Who Have Claims Secured by Property*** (Official Form 206D) Copy the total dollar amount listed in Column A, *Amount of claim,* from line 3 of *Schedule D*.	$ **0.00**
3. ***Schedule E/F: Creditors Who Have Unsecured Claims*** (Official Form 206E/F)	
3a. Total claim amounts of priority unsecured claims: Copy the total claims from Part 1 from line 5a of *Schedule E/F*.	$ **0.00**
3b. Total amount of claims of nonpriority amount of unsecured claims: Copy the total of the amount of claims from Part 2 from line 5b of *Schedule E/F*.	**+$** **18,231,512.04**
4. **Total liabilities** Lines 2 + 3a + 3b	$ **18,231,512.04**

Exhibit 4

Pending or Threatened Litigation

White Plains Healthcare Properties I, LLC v. HBL SNF, LLC, et al., Index No. 60278-20 (N.Y. Sup. Ct. 2020)

Exhibit 5

Schedule of Receipts and Disbursements for 30 Days

HBL SNF, LLC d/b/a Epic Nursing and Rehab at White Plains
Cash Flow Projections

Week 1 Begins on	11/1/2021			
Week 4 Ends on	11/28/2021			
Medicaid	395	398	401	401
Medicare	302	305	307	307
Private Pay	76	76	77	77
Commercial Insurance	67	68	69	69
Resident Days	840	847	854	854
ADC	120	121	122	122

	Week #			
	1	**2**	**3**	**4**
Medicaid	110,000	110,000	110,000	110,000
Medicare	-	145,000	-	826,464
Private Pay	50,000	-	50,537	-
Commercial Insurance	54,635	-	-	54,635
Medicare Part B	45,000	-	-	49,499
Total Cash Receipts	**259,635**	**255,000**	**160,537**	**1,040,598**
Salaries- Management	50,000		50,000	
Salaries- Staff	337,500		340,000	
Payroll Taxes & Fees	35,000		35,000	
Employee Benefits				105,000
Contracted Staff				30,000
Total Labor Costs	422,500	-	425,000	135,000
Professional Fees- CPA	10,000			
Professional Fees- Legal	60,000			
Patient Care Ombudsman Fees	10,000			
Subchapter V Trustee	2,500			
Professional Fees - Omni	2,500			
DIP Lender Fees				
Cash Receipts Assessment				44,187
COD Payment Allowance	75,000	75,000	75,000	75,000
Rent	506,097			
Total No-Lag Expenses	666,097	75,000	75,000	119,187
"New" A/P Vendor Payments	-	-	-	-
"Old" A/P Vendor Payments	-	-	-	-
Total Cash Disbursements	**1,088,597**	**75,000**	**500,000**	**254,187**
Net Cash Flow	**(828,962)**	**180,000**	**(339,463)**	**786,411**
Plus: Opening Cash Balance	400,639	321,678	-	-
Plus: Draw from Credit Line	750,000	-	339,463	-
Less: Repayment to Credit Line	-	(501,678)	-	(587,786)
Ending Cash Balance	**321,678**	**-**	**-**	**198,626**
Net Credit Draw Down	750,000	248,323	587,786	-

Exhibit 6

Appraisal of Real Property

JLL | Achieve Ambitions

Appraisal of:
EPIC Rehabilitation and Nursing
120 Church St, White Plains, New York 10601

Prepared for: The Huntington National Bank - Easton Operations Center

JLL File Number: 2201-20-157960

Valuation and Advisory Services

JLL
700 E. Campbell Road, Suite 265
Richardson, TX 75081
Phone: 972 960 1222
Fax: 972 960 2922

April 24, 2020

Ms. Kristin Borders
The Huntington National Bank - Easton Operations Center
7 Easton Oval
Columbus, Ohio 43219

Subject: EPIC Rehabilitation and Nursing
120 Church St
White Plains, New York 10601

Pursuant to your request, we have performed an appraisal of the above-referenced property. Accompanying this letter is an Appraisal Report that contains an identification of the property, factual data concerning the property and its surroundings, comparable market data, and appropriate analyses.

The subject property is a new 160-bed skilled nursing facility located in downtown White Plains. The subject property was developed by Massachusetts-based developer The Congress Co. and began construction in September 2017 with construction being completed in September 2019. The facility opened in late 2019 and at the time of this report was 25% occupied. The facility is a high-end skilled nursing facility offering superior finishes and services in comparison to the market competition, which has an average year of construction ranging from the ‘70s to the ‘90s. We have projected a 24 month lease-up period to achieve stabilization.

While a detailed construction budget was not provided, the operator did provide the total construction cost for the development. The project cost, exclusive of the CON fees, was estimated at $352,000 per bed, while the total actual cost per the developer’s cost certification was $60,655,050, or $379,100 per bed.

In the wake of the COVDI-19 outbreak, the subject property had a one-year lease in place to for the fourth and fifth floor of the subject with the White Plains Hospital to provide additional beds for COVID patients, which was a temporary and optional solution to the current COVID situation. This analysis assumes the hospital will not engage in the lease agreement for the fourth and fifth floors and therefore it is assumed to have not material impact on the analysis.

Our analyses and forecasts have resulted in the value conclusion(s) below:

Value Conclusion(s)

Scenario	Effective Date	Conclusion
Market Value of the Specified Assets of the Business As Is, Fee Simple Estate	April 3, 2020	$56,800,000
Prospective Market Value of the Specified Assets of the Business Upon Stabilization	April 3, 2022	$74,900,000

Our valuation is based on terms of cash and a reasonable exposure time of nine months prior to the effective date of value. The global outbreak of COVID-19 (Novel Coronavirus) was officially declared a pandemic by the World Health Organization (WHO). The reader is cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of any unforeseen event, subsequent to the effective date of the appraisal. Accordingly, we estimate the marketing period at nine months. The specified assets of the business exclude certain items not normally conveyed, such as cash on hand, accounts receivable, accounts payable, management company trademarks, and proprietary management systems. Please refer to the assumptions and limiting conditions section where any extraordinary assumptions and hypothetical conditions specific to this engagement are discussed.

The subject was appraised based upon the going concern premise as an on-going business operation. Our value allocations follow:

Value Allocation(s)

Component	Allocation
Real Property	$55,470,000
FF&E	$1,330,000
Intangibles	$0
Market Value of the Specified Assets of the Business As Is, Fee Simple Estate	**$56,800,000**
Real Property	$59,890,000
FF&E	$1,120,000
Intangibles	$13,890,000
Prospective Market Value of the Specified Assets of the Business Upon Stabilization	**$74,900,000**

The global outbreak of COVID-19 (Novel Coronavirus) was officially declared a pandemic by the World Health Organization (WHO). The reader is cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of any unforeseen event, subsequent to the effective date of the appraisal.

JLL®

Market Uncertainty from COVID-19 (Novel Coronavirus)

The outbreak of the COVID-19 (Novel Coronavirus), declared by the World Health Organization as a "Global Pandemic" on March 11, 2020, has impacted global financial markets.

The COVID-19 outbreak is an evolving situation with the effects on the financial and real estate markets currently unknown. The impact will be driven by the scale and longevity of the pandemic.

Market activity, meaning transactions and market evidence since the pandemic are limited. The reader is cautioned and reminded that the valuation is based on the information available to us at the date of valuation, and the conclusions presented are only as of the effective date(s) indicated. It is difficult to predict the short- and long-term effects the pandemic may have on capital values.

We appreciate this opportunity to provide valuation services to The Huntington National Bank - Easton Operations Center.

JLL Valuation and Advisory Services, LLC

Bryan Lockard
Managing Director
New York Temporary Certified General Appraiser #33602
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Brian L. Chandler, MAI, CRE, FRICS
Managing Director
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AJ Sarkis
Analyst III
New York Appraiser Assistant #48000052813
Telephone: 212-812-5890
Email: aj.sarkis@am.jll.com

Table of Contents

Addenda

Certification

We hereby certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions developed and this report have been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Bryan Lockard did not conduct an inspection of the property that is the subject of this report. AJ Sarkis conducted an inspection of the property that is the subject of this report.
- AJ Sarkis assisted in the verification, presentation and analysis of factual data. Bryan Lockard and AJ Sarkis developed the value conclusions reported herein.
- Various analysts employed by JLL procured the comparable data used in this report (improved sales, land sales, rental comparables, and expense comparables). The firm continuously gathers such data.
- USPAP 2020-21 requires the appraiser to disclose "any services regarding the subject property performed by the appraiser, as an appraiser or in any other capacity, within the three year period immediately preceding the agreement to perform the assignment." Pursuant to that requirement, to the best of our knowledge, we:

- Have not performed any services in connection with the subject property within the three-year period immediately preceding acceptance of this assignment, either as an appraiser or in any other capacity.

Bryan Lockard
Managing Director
New York Temporary Certified General Appraiser #33602
Telephone: 813-387-1301
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New York Appraiser Assistant #48000052813
Telephone: 212-812-5890
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Summary of Salient Facts and Conclusions

Property Name:	EPIC Rehabilitation and Nursing
Property Location:	
Street Address:	120 Church St
Municipality:	White Plains
County:	Westchester
State:	New York
Zip:	10601
Census Tract:	
State Code:	36
County Code:	119
Tract/BNA Code:	0089.01
Purpose of the Appraisal:	To estimate the value of the subject under the following scenario(s): Market Value of the Specified Assets of the Business As Is, Fee Simple Estate Prospective Market Value of the Specified Assets of the Business Upon Stabilization
Assets and Property Rights Appraised:	
Assets Appraised:	All assets of the business enterprise including real property, FF&E, and business value
Property Rights:	Fee Simple
Site Summary:	
Site Size (Sq. Ft.):	34,803
Shape:	Mostly rectangular
Topography:	Mostly level
Flood Hazard Zone:	Zone X
Flood Insurance Panel #:	36119C0267F
Flood Insurance Required:	Not required
Zoning:	PM-0.35 (Residential Multifamily District)

Zoning Compliance:	Legal, conforming use
Utilities:	All available to site

Improvement Summary:

Property Type:	Nursing Center
Gross Building Area:	110,210
Stories:	6
Shape:	Rectangular
Year Built:	2019
Effective Age:	1
Remaining Economic Life:	59
Construction Quality:	Excellent
Overall Condition:	Excellent

Operating Bed Summary:

Nursing Beds in Operation:	160
Licensed Nursing Beds:	160

Highest & Best Use Summary:

As Vacant:	Development of a seniors housing facility
As Improved:	Continued use as a seniors housing facility

Occupancy Analysis:

Current Occupancy:	25.0%
Stabilized Occupancy Forecast:	93.0%
Months to Stabilization:	24

Value Indications

Approach to Value	Value Indication
The Income Capitalization Approach - Direct Capitalization	$54,500,000
The Income Capitalization Approach - Yield Capitalization	$59,100,000
The Sales Comparison Approach	$57,300,000
The Cost Approach	$54,600,000

Value Conclusion(s)

Scenario	Effective Date	Conclusion
Market Value of the Specified Assets of the Business As Is, Fee Simple Estate	April 3, 2020	$56,800,000
Prospective Market Value of the Specified Assets of the Business Upon Stabilization	April 3, 2022	$74,900,000

Value Allocation(s)

Component	Allocation
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Real Property	$59,890,000
FF&E	$1,120,000
Intangibles	$13,890,000
Prospective Market Value of the Specified Assets of the Business Upon Stabilization	**$74,900,000**

Strengths and Weaknesses

Strengths of the property include:

- **Housing Values:** The subject's PMA has a high median housing value of $369,509, which is above the United States median housing value of $218,492.
- **Strong Market Demand:** The PMA has an undersupply of in the current year. There are no planned additions to the competitive supply.
- **Age/Condition:** The subject property has an effective age of 1 year and is in excellent condition. It represents modern construction and has good market appeal.
- **Housing Values:** The subject's PMA has a high concentration of homes with above average housing values.
- **Income:** The subject's PMA has a high concentration of households with above average income levels.

Weaknesses of the property include:

- **Population Growth:** The subject's PMA is forecasting population growth which is below that of the national average.
- **Market Uncertainties:** Uncertainties surrounding COVID-19 with respect to financing, construction timelines, and lease-up timelines, as well as the overall impact on seniors housing properties.
- **Economic Conditions:** Additionally, the subject is designed for extensive short term rehabilitation and patients are generally prolonging elective surgeries due to the recent COVID-19 outbreak.

General Information

Identification of the Subject

The subject is an existing Nursing Center located at 120 Church St, White Plains, Westchester County, New York; and it is known as EPIC Rehabilitation and Nursing. A legal description for the subject is presented in the Addendum of this report.

Front View of Subject

The subject is a 160 bed Nursing Center that was built in 2019. It is comprised of 110,210 square feet in a 6 story building. In this appraisal, we are valuing the subject as is.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the subject under the following scenario(s):

- Market Value of the Specified Assets of the Business As Is, Fee Simple Estate
- Market Value of the Specified Assets of the Business Upon Stabilization, Fee Simple Estate

Client, Intended User(s) and Intended Use(s)

The effective date of appraisal is April 3, 2020, and the date of the report is April 24, 2020. The Huntington National Bank - Easton Operations Center is the intended user of this report. The intended use is consideration for financing, internal risk analysis, and/or possible use in foreclosure.

Prior Services

USPAP 2020-21 requires the appraiser to disclose "any services regarding the subject property performed by the appraiser, as an appraiser or in any other capacity, within the three year period immediately preceding the agreement to perform the assignment." Pursuant to that requirement, to the best of our knowledge, we:

- Have not performed any services in connection with the subject property within the three-year period immediately preceding acceptance of this assignment, either as an appraiser or in any other capacity.

Definition of Market Values

For purposes of this appraisal, market value and as is market value are defined as:

Market value: The most probable price which a property should bring in a competitive and open market, under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. [1]

As Is Market Value: The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal's effective date. [2]

Assets Appraised

Seniors housing and health care assets are generally considered to be business enterprises and may have value in excess of the real estate value. Such assets can be valued based upon the liquidation premise or the going concern premise. The liquidation premise would only be used if the highest and best use of the asset is to sell the component parts separately. This is not the case with the

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[1]. 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990 as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994.

[2]. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

subject, so the subject is valued based upon the going concern premise. The term going concern is defined as follows:

> One of the premises under which the total assets of a business (TAB) can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely). Under the going concern premise, the value of a business is equal to the sum of the value of the tangible assets and the value of the intangible assets, which may include the value of excess profit, where asset values are derived consistent with the going concern premise. [3]

When a property is valued based upon the going concern premise, the valuation may include real estate, FF&E and intangibles. These assets in total compromise the Total Assets of a Business (TAB), defined as follows:

> The tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights and other residual intangible assets, to include capitalized economic profit).[4]

When appraised based upon the going concern premise, the Market Value of the Total Assets of the Business (MVTAB) is defined as follows:

> The market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern.[5]

Definitions of the components that compromise the TAB are as follows:

> **Real property**: All interests, benefits, and rights inherent in the ownership of physical real estate; the bundle of rights with which the ownership of the real estate is endowed. In some states, real property is defined by statute and is synonymous with real estate. [6]

> **Furniture, fixtures and equipment (FF&E)**: The movable property of a business enterprise not classified as stock or inventory or leasehold improvements; frequently found in the ownership of hotels or motels, restaurants, assisted living facilities, service stations, car washes, greenhouses and nurseries, and other service intensive properties. Furniture, fixtures and equipment frequently wears out much more rapidly that other components of those properties.[7]

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[3]. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).
[4]. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).
[5]. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).
[6]. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).
[7]. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

> **Business enterprise value**: A term applied to the concept of the value contribution of the total intangible assets of a continuing business enterprise such as marketing and management skill, an assembled workforce, working capital, trade names, franchises, patents, trademarks, contracts, leases, and operating agreements.[8]

However, it should be noted that some of the assets included in the definition of TAB are not commonly included in the value or sale of a seniors housing facility. Items normally excluded are: cash on hand, working capital, accounts receivable, and accounts payable. As such, our valuation focuses upon the specified assets of the business, which excludes the items noted.

In addition, we have provided an allocation of our concluded value. Note that the allocation is based upon the continuation of the business enterprise. If the business ceases operations, the values of the individual components would likely be different than the value allocated to the components based upon the continuation of the business operation.

Property Rights Appraised

Definitions of the three major classes of property rights are as follows:

> **Fee simple estate**: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.[9]
>
> **Leased fee interest:** A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease)[10]
>
> **Leasehold estate**: The tenant's possessory interest created by a lease.[11]

The property rights valued in this appraisal are fee simple. There is a related party lease in place at the property between the ownership entity and the operating entity. Our understanding is that this lease is between related prop-co and op-co entities, and that these entities are creating a new Delaware Statutory Trust (DST) entity to own the facility. Therefore, they will have common ownership of the subject property as we are valuing the fee simple estate.

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[8]. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).
[9]. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).
[10]. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).
[11]. *The Dictionary of Real Estate Appraisal* (Chicago, IL: Appraisal Institute, Sixth Edition).

Scope of Work

USPAP 2020-2021 states:

For each appraisal and appraisal review assignment, an appraiser must:

1. Identify the problem to be solved;
2. Determine and perform the scope of work necessary to develop credible assignment results; and
3. Disclose the scope of work in the report.

Pursuant to that requirement, the steps in the appraisal process are as follows:

The Valuation Process

Definition of the Problem

- Identification of client/ intended users
- Intended use of appraisal
- Purpose of appraisal (including definition of value)
- Date of opinion of value
- Identification of characteristics of property (including location and property rights to be valued)
- Extraordinary assumptions
- Hypothetical conditions

Scope of Work

Data Collection and Property Description

Market Area Data
General characteristics of region, city, and neighborhood

Subject Property Data
Specific characteristics of land and improvements, personal property, business assets, etc.

Comparable Property Data
Sales, listing, offerings, vacancies, cost and depreciation, income and expenses, capitalization rates, etc.

Data Analysis

Market Analysis
Demand studies
Supply studies
Marketability studies

Highest and Best Use Analysis
Site as though vacant
Ideal improvement
Property as improved

Land Value Options

Application of the Approaches to Value

Cost | **Sales comparison** | **Income capitalization**

Reconciliation of Value Indications and Final Opinion of Value

Report of Defined Value

Inspection

Bryan Lockard and Brian L. Chandler did not conduct an exterior inspection of the subject of this report. AJ Sarkis conducted an inspection of the property that is the subject of this report on April 3, 2020.

Data Collection

Three types of data are normally gathered while completing an appraisal: general, specific, and competitive supply and demand.

General Data

General data concerns the social, economic, governmental, and environmental forces that impact property values. This data is found in the area description and analysis and the neighborhood description and analysis sections of this report. We have gathered the general data from a variety of sources and publications, which are noted in the analyses. In addition, the general data concerning the neighborhood is based upon observations made during our inspection of the neighborhood.

Specific Data

The data relating to the property being appraised and to comparable properties is referred to as specific data. We obtained specific data regarding the subject from the property owner and/or operator. Documents we have relied upon for specific data pertaining to the subject are listed in the assumptions and limiting conditions section. Additional data pertaining to the subject has been gathered from zoning maps, tax records, and other resources maintained in our library, city halls and chambers of commerce, Westchester County, and various State of New York offices.

The specific comparable data has been gathered from market participants. The extent of the comparable market data collection process varies for each type of comparable data. Refer to discussions preceding the presentation of data in the approaches to value for descriptions of the data sources consulted and the search criteria.

Competitive Supply and Demand Data

An analysis of seniors housing supply and demand conditions is included in this report.

Approaches to Value

The three approaches to value are:

> **The Income Capitalization Approach,** typically referred to as the income approach is used to value commercial and investment properties. It capitalizes an income stream into a present value. This can be accomplished using revenue multipliers or a capitalization rate applied to net operating income (NOI). The NOI is gross potential income (GPI), less vacancy, less operating expenses, but excluding debt service or depreciation charges applied by

accountants. NOI is synonymous with EBITDA. Alternatively, multiple years of NOI can be valued by a discounted cash flow analysis (DCF) model.

The Sales Comparison Approach, derives a value indication by comparing the subject being appraised to similar properties that have recently sold.

The Cost Approach, based on the principle of substitution which asserts that no prudent buyer or investor will pay more for a property than that amount for which the site could be acquired, and which improvements that have equal desirability and utility can be constructed without undue delay. It is a method of appraising property based on the depreciated reproduction or replacement cost new of improvements, plus the market value of the site.

In appraising the subject, we have applied the approaches to value as follows:

Approaches to Value

Approach to Value	Developed	Applicability
Income Capitalization - Direct Capitalization	Yes	Most Applicable
Income Capitalization - Yield Capitalization	Yes	Most Applicable
Sales Comparison	Yes	Applicable, but not as relevant as income approach
Cost	Yes	Applicable, but not as relevant as income approach

Report Type

Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice sets forth two different reporting options, as follows:

Appraisal Report: should summarize all pertinent data considered and summarize all analyses developed in arriving at the conclusion of value.

Restricted Report: merely states the major conclusions without discussion of the data considered and the analyses conducted.

This report is intended to comply with the requirements for an Appraisal Report.

Compliance

We have developed this appraisal in compliance with:

- The requirements of the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute;
- The Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Foundation;
- FIRREA Title XI, 12 CFR Part 323 (FDIC) and 12 CFR Part 34 (RTC) and;

- The Appraisal Requirements of The Huntington National Bank - Easton Operations Center.

Ownership, History and Management of the Subject

USPAP Standards Rules 1-5(a) and (b) require an appraiser, when the value opinion to be developed is market value, and if such information is available to the appraiser in the normal course of business, to analyze (1) all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal and (2) all sales of the subject property that occurred within three years prior to the effective date of the appraisal. The subject's current ownership, ownership history, current status, and management are discussed below.

Current Ownership

The subject is currently owned by White Plains Healthcare Properties 1, LLC.

Ownership History

The most recent transaction involving the subject is detailed below:

Most Recent Transaction -

Grantor (Seller):	Hamilton Park, LLC
Grantee:	White Plains Healthcare Properties 1, LLC
Date of Sale:	2010
Sales Price:	$4,528,333
Sale Included:	Vacant site only
Financing:	Cash to seller
Conditions of Sale:	Arm's length

Current Status

The subject is currently owned by White Plains Healthcare Properties 1, LLC. The subject is not currently being offered for sale nor is it under any form of contract of sale.

Management

The subject is operated by EPIC Rehabilitation and Nursing. Headquartered in White Plains, New York, EPIC is a privately held operator of senior living communities including Short-Term and Long-Term Rehabilitation as well as Skilled Nursing.

Assumptions and Limiting Conditions

The use of this report is subject to the following assumptions and limiting conditions:

- All reports and work product we deliver to you (collectively called "report") represents an opinion of value, based on historical information and forecasts of market conditions. Actual results may vary from those forecast in the report. There is no guaranty or warranty that the opinion of value reflects the actual value of the property.
- The conclusions stated in our report apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events. Assessed values may change significantly and unexpectedly over short periods. We are not liable for any conclusions in the report that may be different if there are subsequent changes in value. We are not liable for loss relating to reliance upon our report more than three months after its date.
- There may be differences between projected and actual results because events and circumstances frequently do not occur as predicted, and those differences may be material. We are not liable for any loss arising from these differences.
- We are not obligated to predict future political, economic or social trends. We assume no responsibility for economic factors that may affect or alter the opinions in the report if the economic factors were not present as of the date of the letter of transmittal accompanying the report.
- The report reflects an appraisal of the property free of any liens or encumbrances unless otherwise stated.
- We assume responsible ownership and competent property management.
- The appraisal process requires information from a wide variety of sources. We have assumed that all information furnished by others is correct and complete, up to date and can be relied upon, but no warranty is given for its accuracy. We do not accept responsibility for erroneous information provided by others. We assume that no information that has a material effect on our appraisal has been withheld.

- We assume the following, unless informed to the contrary in writing: Each property has a good and marketable title. All documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other adverse title conditions, which would have a material effect on the value of the interest under consideration. There is no material litigation pending involving the property. All information provided by the Client, or its agents, is correct, up to date and can be relied upon. We are not responsible for considerations requiring expertise in other fields, including but not limited to: legal descriptions, interpretation of legal documents and other legal matters, geologic considerations such as soils and seismic stability, engineering, or environmental and toxic contaminants. We recommend that you engage suitable consultants to advise you on these matters.
- We assume that all engineering studies correct. The plot plans and illustrative material in the report are included only to help the reader visualize the property.
- We assume that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. We are not responsible for such conditions or for obtaining the engineering studies that may be required to discover them.
- We assume that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the report. We have not made or requested any environmental impact studies in conjunction with the report. We reserve the right to revise or rescind any opinion of value that is based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the report assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
- Unless otherwise stated in the report, you should assume that we did not observe any hazardous materials on the property. We have no knowledge of the existence of such materials on or in the property; however, we are not qualified to detect such substances, and we are not providing environmental services. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. Our report assumes that there is no such material on or in the property that would cause a loss in value. We do not assume responsibility for such conditions or for any expertise or engineering knowledge required to discover them. We encourage you to retain an expert in this field, if desired. We are not responsible for any such environmental conditions that exist or for any engineering or testing that might be required to discover whether such conditions exist. We are not experts in the field of environmental conditions, and the report is not an environmental assessment of the property.

- We may have reviewed available flood maps and may have noted in the report whether the property is generally located within or out of an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property. Any opinion of value we include in our report assumes that floodplain and/or wetlands interpretations are accurate.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether it is in compliance with the ADA. We claim no expertise in ADA issues, and render no opinion regarding compliance of the property with ADA regulations.
- We assume that the property conforms to all applicable zoning and use regulations and restrictions unless we have identified, described and considered a non-conformity in the report.
- We assume that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in the report is based.
- We assume that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- We have not made any investigation of the financial standing of actual or prospective tenants unless specifically noted in the report. Where properties are valued with the benefit of leasing, we assume, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the leases, all rent and other amounts payable under the leases have been paid when due, and that there are no undisclosed breaches of the leases.
- We did not conduct a formal survey of the property and assume no responsibility for any survey matters. The Client has supplied the spatial data, including sketches and/or surveys included in the report, and we assume that data is correct, up to date and can be relied upon.
- Unless otherwise stated, the opinion of value included in our report excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier. We have made no allowance for any plant, machinery or equipment unless they form an integral part of the building and would normally be included in a sale of the building. We do not normally carry out or commission investigations into the capacity or condition of services being provided to the property. We assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.

- In the case of property where construction work is in progress, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the Client or its appointed experts or upon industry accepted cost guides. In the case of property where construction work is in progress, or has recently been completed, we do not make allowance for any liability already incurred, but not yet discharged, in respect of completed work, or obligations in favor of contractors, subcontractors or any members of the professional or design team. We assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
- Any allocation in the report of value between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- The report is confidential to the party to whom it is addressed and those other intended users specified in the report for the specific purpose to which it refers. Use of the report for any other purpose or use by any party not identified as an intended user of the report without our prior written consent is prohibited, and we accept no responsibility for any use of the report in violation of the terms of this Agreement.
- We are not required to testify or provide court-related consultation or to be in attendance in court unless we have agreed to do so in writing.
- Neither the whole report, nor any part, nor reference thereto, may be published in any manner without our prior written approval.
- We may rely on, and will not verify, the accuracy and sufficiency of documents, information and assumptions provided to it by the Client or others. We will not verify documents, information and assumptions derived from industry sources or that JLL or its affiliates have prepared in the regular course of business. We are not liable for any deficiency in the report arising from the inaccuracy or insufficiency of such information, documents and assumptions. However, our report will be based on our professional evaluation of all such available sources of information.
- JLL IS NOT LIABLE TO ANY PERSON OR ENTITY FOR LOSS OF PROFITS, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES IN CONNECTION WITH THIS AGREEMENT. IN NO EVENT SHALL THE LIABILITY OF JLL AND ITS AFFILIATES IN CONNECTION WITH THIS AGREEMENT EXCEED THE FEE PAID TO JLL HEREUNDER.
- Unless expressly advised to the contrary, we assume that appropriate insurance coverage is and will continue to be available on commercially acceptable terms.
- We assume that no material changes in any applicable federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.

- We may determine during the course of the assignment that additional Hypothetical Conditions and Extraordinary Assumptions may be required in order to complete the assignment. The report will be subject to those Hypothetical Conditions and Extraordinary Assumptions. Each person that is permitted to use the report agrees to be bound by all the Assumptions and Limiting Conditions and any Hypothetical Conditions and Extraordinary Assumptions stated in the report.

Extraordinary Assumptions

USPAP defines an extraordinary assumption as "an assignment-specific assumption as of the effective date regarding uncertain information used in the analysis which, if found to be false, could alter the appraiser's opinion of conclusions." Our appraisal is subject to the following extraordinary assumptions:

- Due to the COVID-19 virus outbreak, we were only able to inspect the exterior of the subject property and were not able to inspect the interior of the subject building. However, the Administrator provided interior photographs on April 2, 2020 that are provided in this report. In completing this assignment, we have made an extraordinary assumption that the interior condition of the property has been well maintained and has no critical repairs or deferred maintenance.
- The subject property is subject to a lease agreement between the skilled nursing facility and White Plains Hospital, which was given an option to occupy the fourth and fifth floor of the facility. This analysis assumes the hospital will not occupy the leased space, and therefore this appraisal values the fee simple interest of the subject.
- The subject is encumbered by a lease between two related parties that have filed a letter of intent to establish a single entity, therefore this analysis values the fee-simple interest of the subject.

Hypothetical Conditions

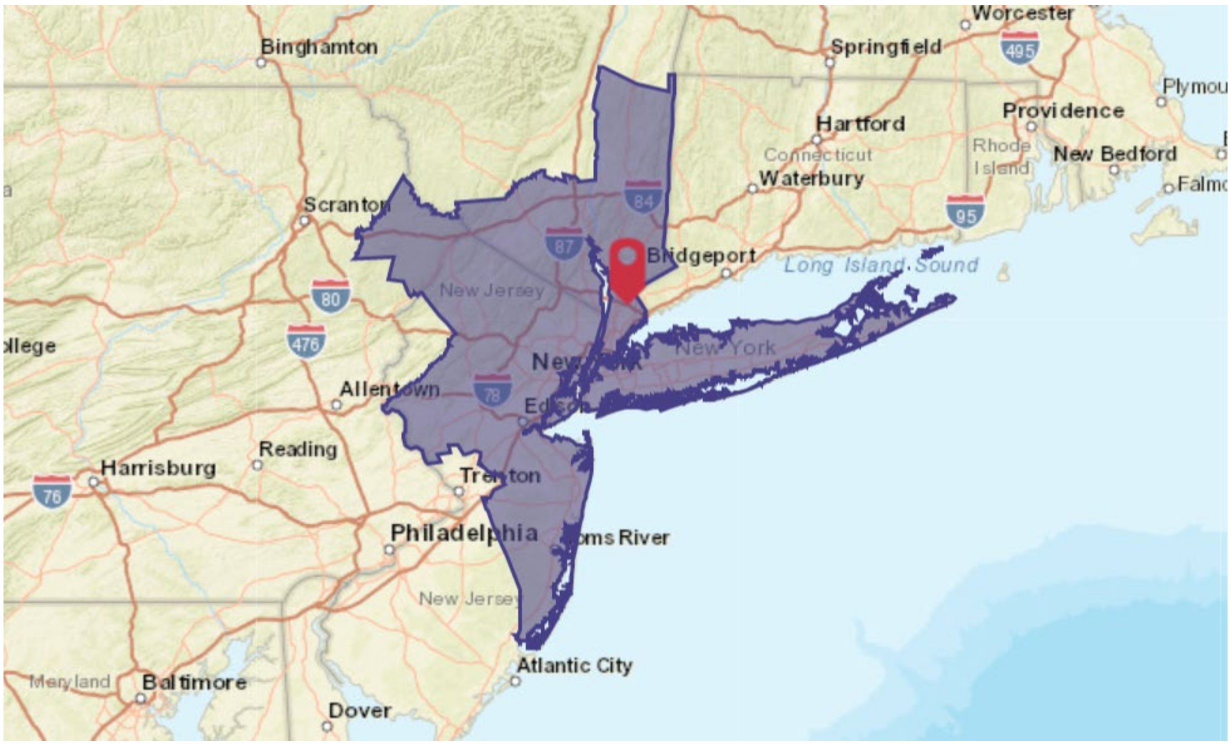
USPAP defines a hypothetical condition as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis." Our analysis is based upon the following hypothetical conditions:

- None

Regional Economic Analysis

New York MSA Area Demographics

The subject is located in the New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area, hereinafter called the New York MSA, as defined by the U.S. Office of Management and Budget. The New York MSA is 8,295 square miles in size, and is the first most populous metropolitan area in the nation.



Population

The New York MSA has an estimated 2019 population of 20,438,199, which represents an average annual 0.5% increase over the 2010 census amount of 19,567,410. New York MSA added an average of 96,754 residents per year over the 2010 - 2019 period, and its annual growth rate is less than that of the United States.

Population Trends

Area	2010 Census	Population 2019 Est.	2024 Est.	Compound Ann. % Chng 2010 - 2019	2019 - 2024
1 mi. radius	36,892	37,784	38,327	0.3%	0.3%
3 mi. radius	107,266	109,138	110,386	0.2%	0.2%
5 mi. radius	192,846	196,765	199,556	0.2%	0.3%
Westchester County	949,113	969,443	980,028	0.2%	0.2%
New York MSA	19,567,410	20,438,199	20,842,248	0.5%	0.4%
New York	19,378,102	20,030,453	20,245,169	0.4%	0.2%
United States	308,745,538	332,417,793	345,487,602	0.8%	0.8%

Source: Esri 2020. Compiled by JLL Valuation & Advisory Services, LLC.

Looking forward, the New York MSA's population is projected to increase at a 0.4% annual rate from 2019 - 2024, equivalent to the addition of an average of 80,810 residents per year. The New York MSA growth rate is expected to lag that of the United States, which is projected to be 0.8%.

Employment

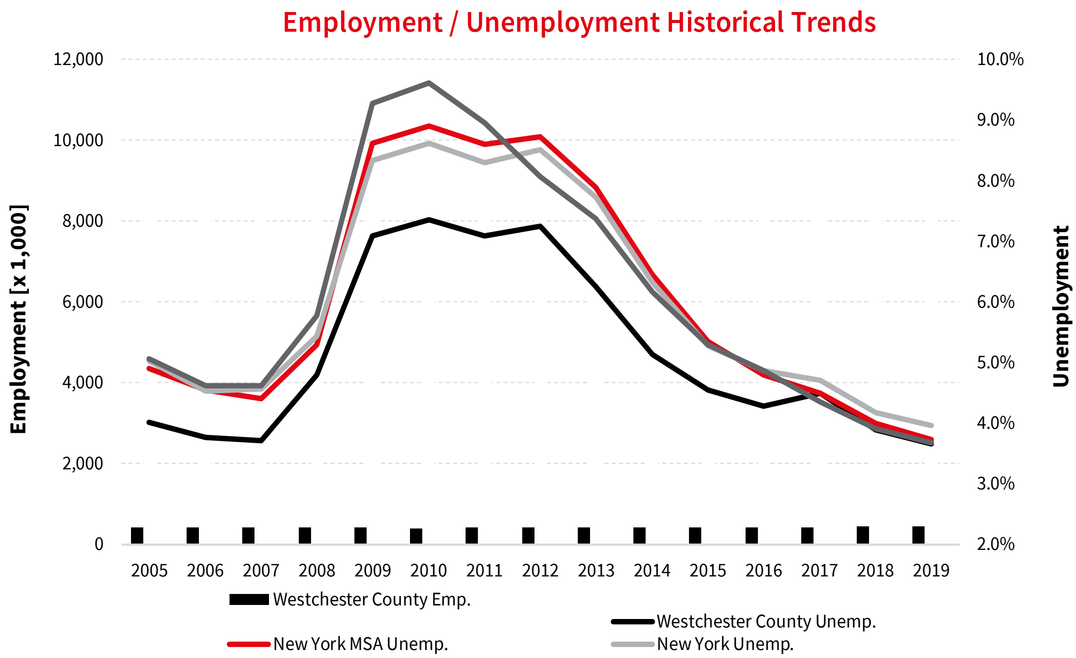
The current estimate of total employment in the New York MSA is 9,966,867 jobs. Since 2010, employment grew by 1,361,967 jobs, equivalent to a 15.8% gain over the entire period. Employment increased every year over that same period of time despite the national economic downturn and slow recovery.

The New York MSA's rate of change in employment rivaled the United States, which experienced a similar fluctuation in employment of 15.8% or 20,594,333 over this period.

Employment Trends

	Total Employment (Annual Average)								Unemployment Rate (Ann. Avg.)			
Year	Westchester County	Change	New York MSA	Change	New York	Change	United States	Change	Westchester County	New York MSA	New York	United States
2005	411,005	-	8,659,642	-	8,522,825	-	134,033,667	-	4.0%	4.9%	5.0%	5.1%
2006	412,561	0.4%	8,753,908	1.1%	8,604,008	1.0%	136,435,417	1.8%	3.8%	4.5%	4.5%	4.6%
2007	420,905	2.0%	8,871,792	1.3%	8,719,275	1.3%	137,981,250	1.1%	3.7%	4.4%	4.6%	4.6%
2008	421,226	0.1%	8,899,500	0.3%	8,777,450	0.7%	137,223,833	-0.5%	4.8%	5.3%	5.4%	5.8%
2009	402,103	-4.5%	8,610,825	-3.2%	8,540,225	-2.7%	131,296,083	-4.3%	7.1%	8.6%	8.3%	9.3%
2010	398,832	-0.8%	8,604,900	-0.1%	8,544,592	0.1%	130,345,000	-0.7%	7.4%	8.9%	8.6%	9.6%
2011	403,332	1.1%	8,719,892	1.3%	8,691,700	1.7%	131,914,417	1.2%	7.1%	8.6%	8.3%	9.0%
2012	404,858	0.4%	8,854,533	1.5%	8,819,867	1.5%	134,157,417	1.7%	7.3%	8.7%	8.5%	8.1%
2013	406,392	0.4%	9,007,417	1.7%	8,956,583	1.6%	136,363,833	1.6%	6.2%	7.9%	7.7%	7.4%
2014	412,605	1.5%	9,193,100	2.1%	9,122,658	1.9%	138,939,750	1.9%	5.1%	6.5%	6.3%	6.2%
2015	418,887	1.5%	9,388,067	2.1%	9,291,975	1.9%	141,824,917	2.1%	4.5%	5.4%	5.3%	5.3%
2016	422,288	0.8%	9,553,175	1.8%	9,435,683	1.5%	144,335,833	1.8%	4.3%	4.8%	4.9%	4.9%
2017	426,170	0.9%	9,711,050	1.7%	9,560,892	1.3%	146,607,583	1.6%	4.5%	4.5%	4.7%	4.4%
2018	429,127	0.7%	9,842,358	1.4%	9,685,100	1.3%	148,908,417	1.6%	3.9%	4.0%	4.2%	3.9%
2019	428,762	-0.1%	9,966,867	1.3%	9,785,542	1.0%	150,939,333	1.4%	3.7%	3.7%	4.0%	3.7%
10 Yr Change	29,930	7.5%	1,361,967	15.8%	1,240,950	14.5%	20,594,333	15.8%				
Avg Unemp. Rate 2010-2019									5.4%	6.3%	6.2%	6.2%
Unemployment Rate - Jan 2020									4.0%	3.9%	4.1%	4.0%

Source: Bureau of Labor Statistics. County employment is from the Quarterly Census of Employment & Wages (QCEW), all other areas use the Current Employment Survey (CES). Unemployment rates use the Current Population Survey (CPS). Data is not seasonally adjusted.



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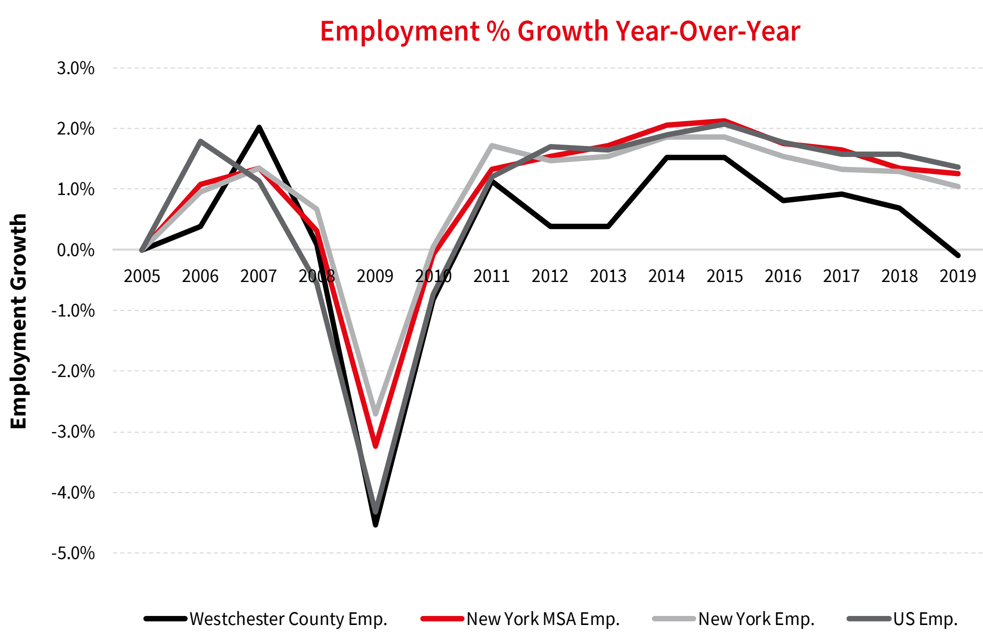


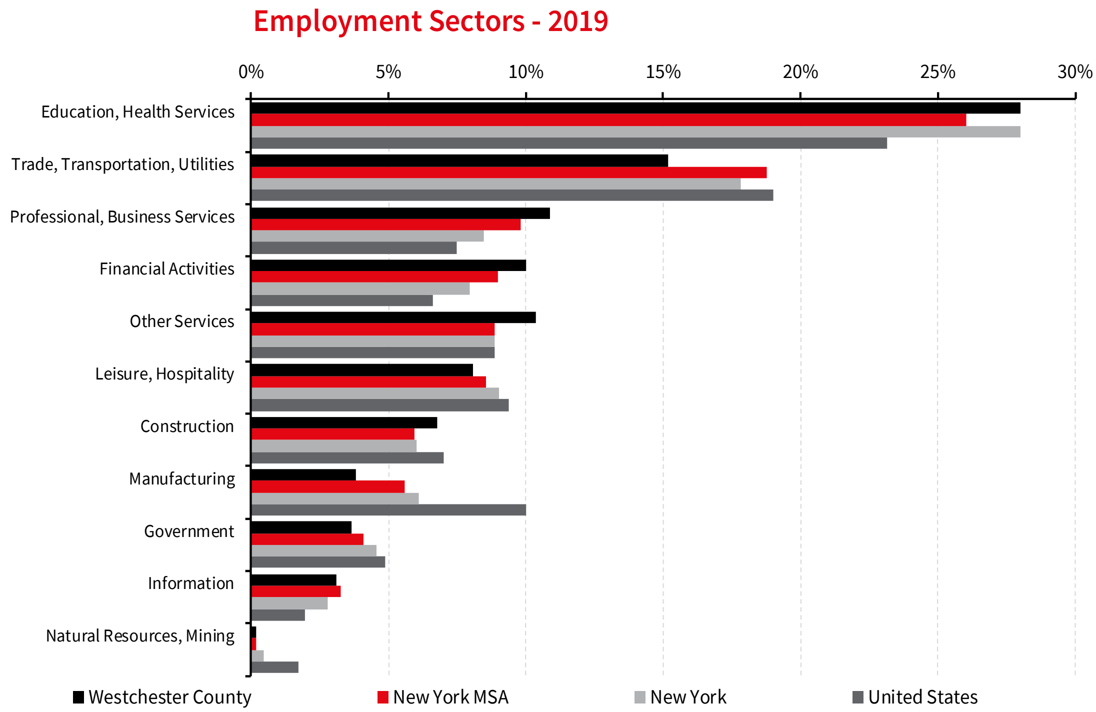
Source: Bureau of Labor Statistics. County employment is from the Quarterly Census of Employment & Wages (QCEW), all other areas use the Current Employment Survey (CES). Unemployment rates use the Current Population Survey (CPS). Data is not seasonally adjusted.

A comparison of unemployment rates is another way of gauging an area's economic health, where a higher unemployment rate is a negative indicator. Over the past decade, the New York MSA

unemployment rate of 6.3% has been higher than the United States rate of 6.2%. In the latter half of the decade that trend has reversed, as the New York MSA has consistently overperformed the United States. Recent data shows that the New York MSA unemployment rate is 3.9%, which was a comparable rate to the United States. This similarity is further supported by the fact that the New York MSA and the United States sustained a similar pace of job growth over the past two years.

Employment Sectors

The composition of the New York MSA job market is illustrated in the chart below, paired with that of the United States. Total employment for the areas is stratified by eleven major employment sectors, ranked from largest to smallest based on the percentage of New York MSA jobs in each sector.



Source: Esri 2020. Compiled by JLL Valuation & Advisory Services, LLC.

The New York MSA has a greater percentage employment than the United States in the following categories:

1. Education, Health Services - which accounts for 26.0% of New York MSA payroll employment compared to 23.2% for the United States as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
2. Professional, Business Services - which accounts for 9.8% of New York MSA payroll employment compared to 7.5% for the United States as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.

3. Financial Activities - which accounts for 9.0% of New York MSA payroll employment compared to 6.6% for the United States as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
4. Information - which accounts for 3.3% of New York MSA payroll employment compared to 2.0% for the United States as a whole. Publishing, broadcasting, data processing, telecommunications, and software publishing are included in this sector.

The New York MSA is underrepresented in the following categories:

1. Manufacturing - which accounts for 5.6% of New York MSA payroll employment compared to 10.0% for the United States as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
2. Natural Resources, Mining - which accounts for 0.2% of New York MSA payroll employment compared to 1.7% for the United States as a whole. Agriculture, mining, quarrying, and oil and gas extraction are included in this sector.
3. Construction - which accounts for 5.9% of New York MSA payroll employment compared to 7.0% for the United States as a whole. This sector includes construction of buildings, roads, and utility systems.
4. Leisure, Hospitality - which accounts for 8.5% of New York MSA payroll employment compared to 9.4% for the United States as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

Major Employers

The table below contains major employers in the New York MSA.

Major Employers - New York MSA

	Name	Employees
1	Northwell Health	37,000
2	Montefiore Health System	32,232
3	Mount Sinai Health System	32,074
4	JPMorgan Chase & Co.	29,000
5	Bank of America	27,000
6	Newark International Airport	24,000
7	New York-Presbyterian Healthcare System	23,709
8	NYU Langone Medical Center	23,491
9	Macy's Inc.	22,100
10	Henry Schein Inc.	21,000
11	Cablevision Systems Corp.	18,889
12	Verizon	17,000
13	Verizon Communications	16,973
14	Columbia University	16,136
15	Citigroup Inc.	15,878
16	Univ. of Medicine and Dentistry of New Jersey	15,759
17	Morgan Stanley	15,380
18	Memorial Sloan-Kettering Cancer Center	14,908
19	City University of New York	13,777
20	CA Inc.	13,600

Sources(s): Albany Business Review and Poughkeepsie Journal, 2016; Think Dutchess - Alliance for Business, 2016; Think Dutchess - Alliance for Business, 2017; Newsday, 2017; NJBIZ July 3rd, 2017 Journal; Crain's New York Business Book of Lists - 2017; CUNY, 2017; nj.com, 2017; NJBIZ Business Book of Lists - 2018; Rutgers

Gross Domestic Product

Based on Gross Domestic Product (GDP), the New York MSA ranks #111 out of all metropolitan area economies in the nation.

Economic growth, as measured by annual changes in GDP, has been about the same in the New York MSA compared to the United States overall during the past nine years, both growing at about a 1.8% rate. As the national economy improves, the New York MSA growth has accelerated and outperformed the United States. GDP for the New York MSA rose by 1.6% in 2018 while the United States's grew by 1.2%.

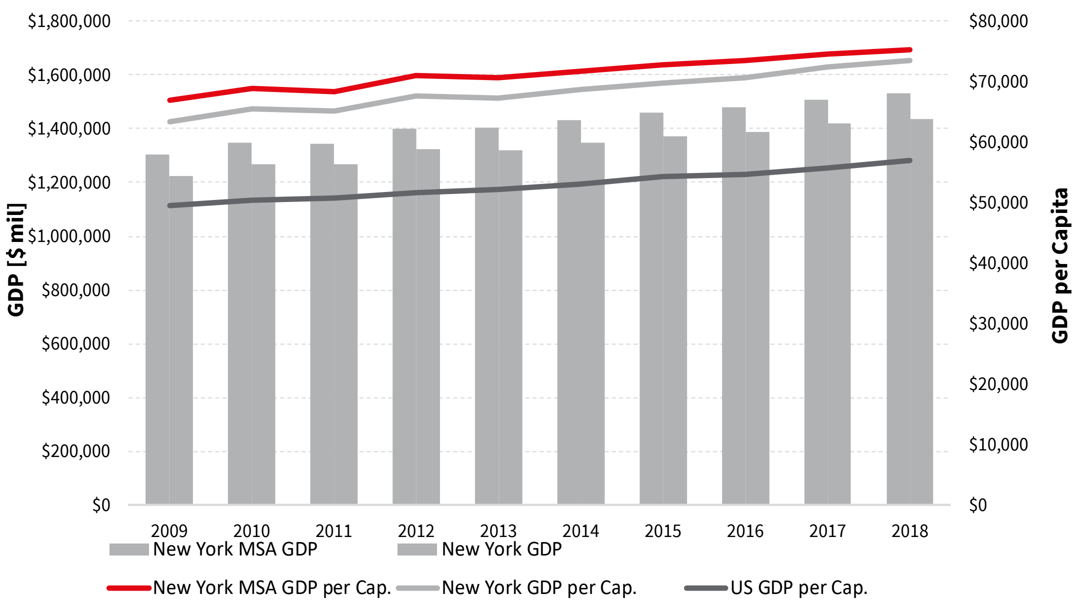
The New York MSA has a per capita GDP of $75,324, which is 32.0% greater than the United States's GDP of $56,968. This means that the New York MSA industries and employers are adding relatively much more value to the economy than their peers in the United States.

Gross Domestic Product

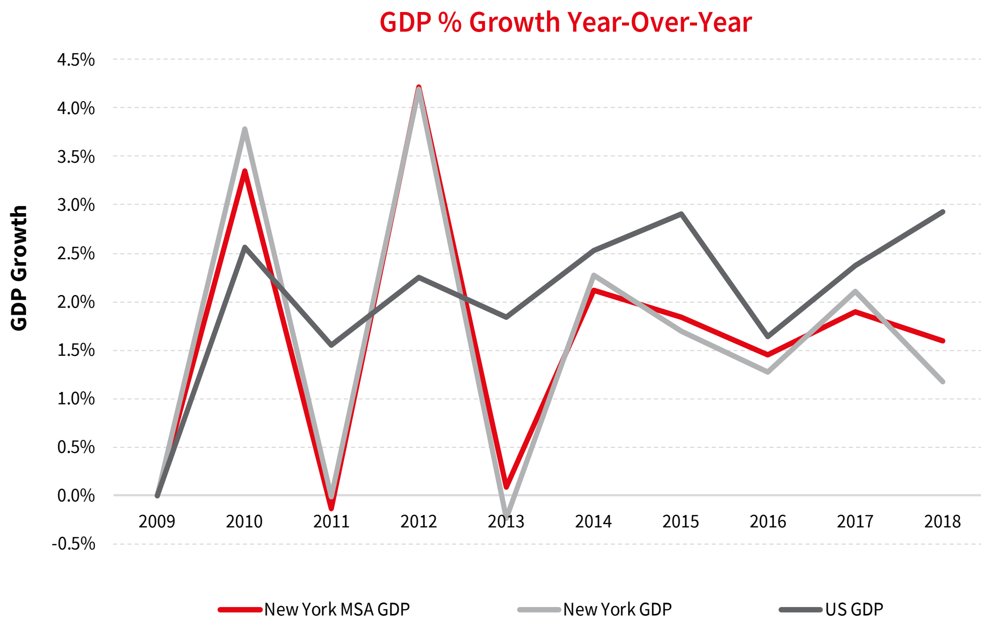
	Gross Domestic Product ($ mil)								GDP per Capita ($)		
Year	Westchester County	Change	New York MSA	Change	New York	Change	United States	Change	New York MSA	New York	United States
2009	$62,309	-	$1,303,314	-	$1,223,229	-	$15,208,834	-	$66,937	$63,357	$49,577
2010	$64,038	2.8%	$1,346,932	3.3%	$1,269,486	3.8%	$15,598,753	2.6%	$68,835	$65,437	$50,428
2011	$64,748	1.1%	$1,345,024	-0.1%	$1,269,245	0.0%	$15,840,664	1.6%	$68,400	$65,094	$50,840
2012	$68,238	5.4%	$1,401,796	4.2%	$1,322,448	4.2%	$16,197,007	2.2%	$70,938	$67,560	$51,603
2013	$67,675	-0.8%	$1,402,950	0.1%	$1,319,299	-0.2%	$16,495,369	1.8%	$70,650	$67,215	$52,191
2014	$69,194	2.2%	$1,432,602	2.1%	$1,349,268	2.3%	$16,912,038	2.5%	$71,794	$68,643	$53,118
2015	$70,148	1.4%	$1,458,929	1.8%	$1,372,163	1.7%	$17,403,843	2.9%	$72,760	$69,790	$54,261
2016	$70,993	1.2%	$1,480,027	1.4%	$1,389,681	1.3%	$17,688,890	1.6%	$73,458	$70,752	$54,752
2017	$72,789	2.5%	$1,508,145	1.9%	$1,418,942	2.1%	$18,108,082	2.4%	$74,496	$72,429	$55,692
2018	$73,405	0.8%	$1,532,202	1.6%	$1,435,636	1.2%	$18,638,164	2.9%	$75,324	$73,463	$56,968
10 Yr Change	$11,096	1.8%	$228,888	1.8%	$212,407	1.8%	$3,429,330	2.3%	$8,387	$10,106	$7,391

Source: Bureau of Economic Analysis. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted 'real' GDP stated in 2012 dollars. BEA no longer publishes MSA per Capita GDP data; values shown are calculated by dividing the MSA GDP by its estimated population for the year shown.

Gross Domestic Product Historical Trends



Source: Bureau of Labor Statistics. County employment is from the Quarterly Census of Employment & Wages (QCEW), all other areas use the Current Employment Survey (CES). Unemployment rates use the Current Population Survey (CPS). Data is not seasonally adjusted.



Source: Bureau of Labor Statistics. County employment is from the Quarterly Census of Employment & Wages (QCEW), all other areas use the Current Employment Survey (CES). Unemployment rates use the Current Population Survey (CPS). Data is not seasonally adjusted.

Gross Domestic Product is a measure of economic activity based on the total value of goods and services produced in a specific geographic area. The figures in the table above represent inflation adjusted "real" GDP stated in 2009 dollars.

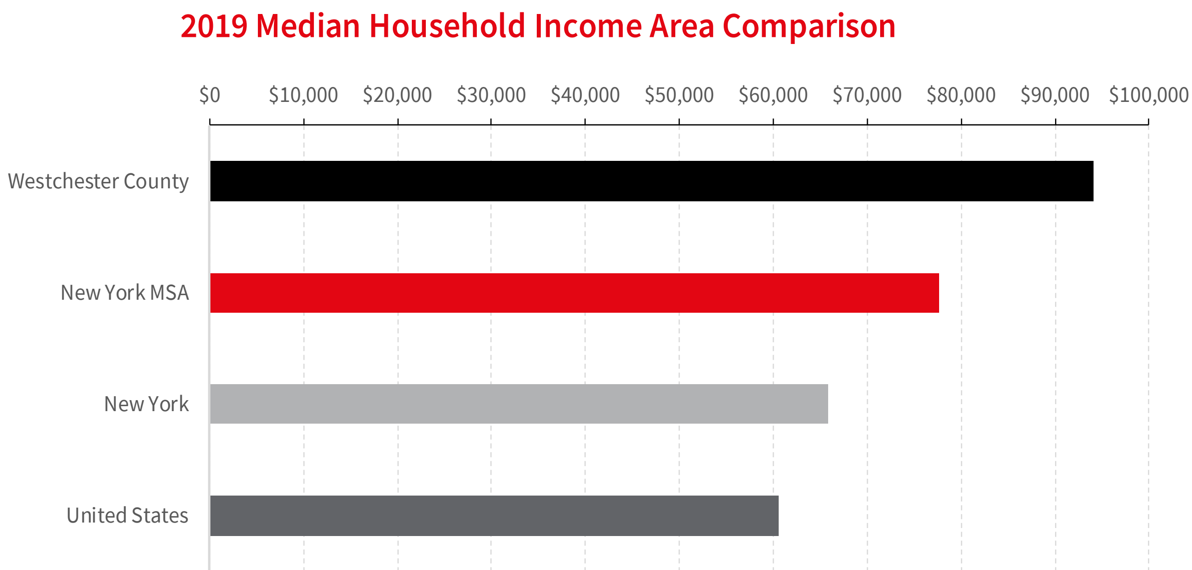
Household Income

The New York MSA has a much higher level of household income than the United States. Median household income for the New York MSA is $77,686, which is 28.3% higher than the United States.

Median Household Income

	Med. Household Income		Compound Ann. % Chng
Area	2018 Est.	2023 Est.	2018 - 2023
Westchester County	$94,045	$109,151	3.0%
New York MSA	$77,686	$87,627	2.4%
New York	$65,889	$75,649	2.8%
United States	$60,548	$69,180	2.7%

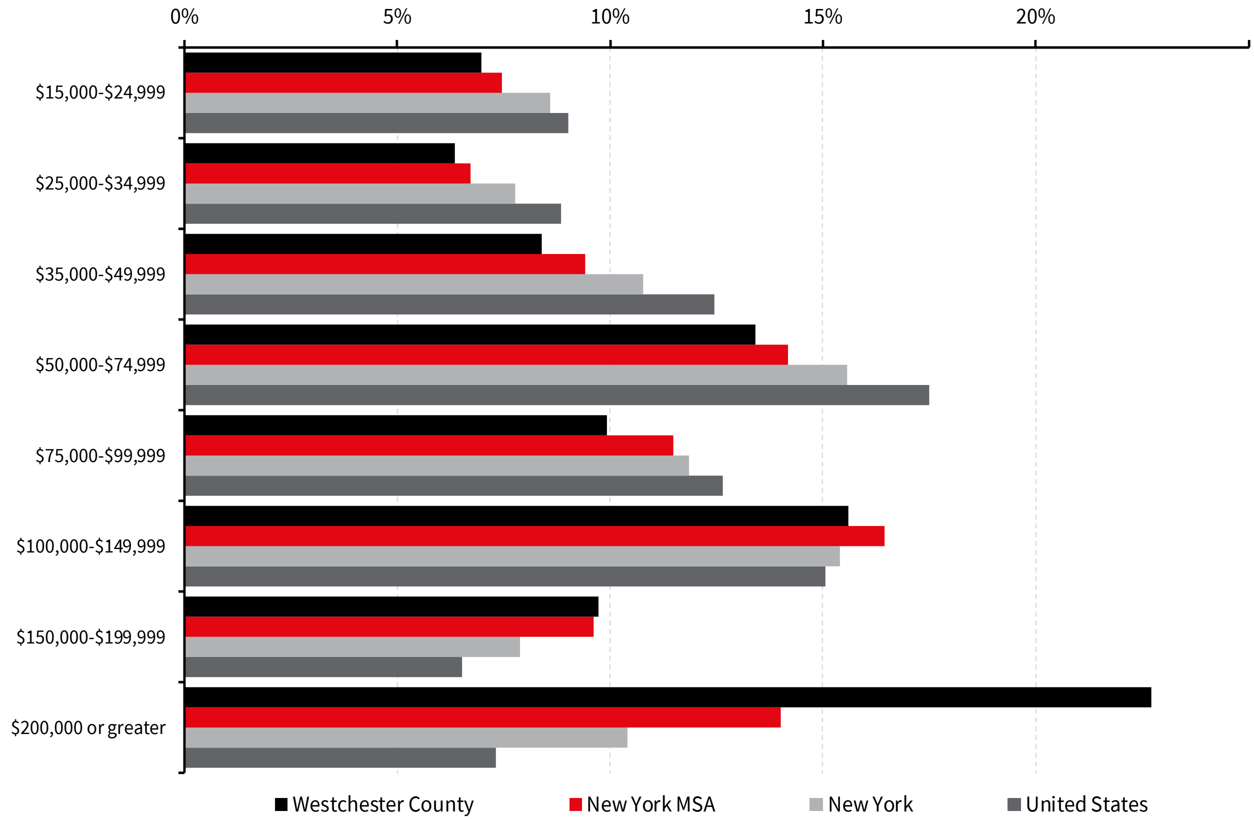
Source: Esri 2020. Compiled by JLL Valuation & Advisory Services, LLC.



Source: Esri 2020. Compiled by JLL Valuation & Advisory Services, LLC.

The New York MSA has a smaller concentration of households in the lower income levels than the United States. Specifically, 25% of the New York MSA households are below the $35,000 level in household income as compared to 29% of United States households. A greater concentration of households exists in the higher income levels, as 52% of the New York MSA households are at the $75,000 or greater levels in household income versus 42% of United States households.

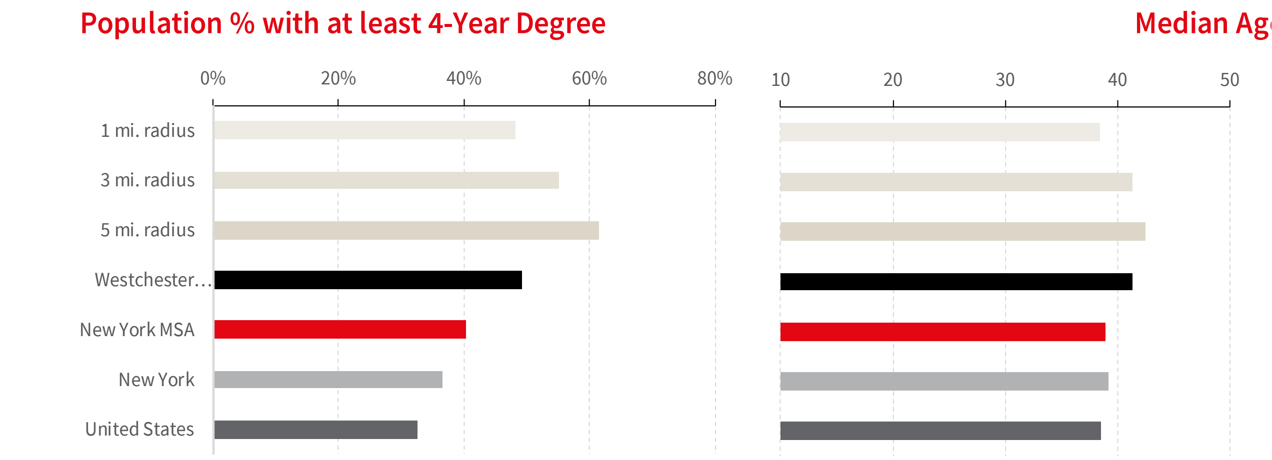
2019 Median Household Income Distribution



Source: Esri 2020. Compiled by JLL Valuation & Advisory Services, LLC.

Education and Age

Residents of the New York MSA have a higher level of educational attainment than those in the United States. An estimated 40.4% of the New York MSA residents are college graduates with four-year degrees or higher, while United States residents have an estimated 32.5% with at least a four-year degree. People in the New York MSA are similar in age to their peers in the United States. The median age of both the New York MSA and the United States is 39 years.



Source: Esri 2020. Compiled by JLL Valuation & Advisory Services, LLC.

Conclusion

Over the long term, the subject's region is forecast to experience population growth below that of the national average. The region is expected to experience employment growth at a rate above that of the nation as a whole. Area income levels are above average. We anticipate the area's economy will keep pace with the national economy over the foreseeable future.

Primary Market Area Description and Analysis

Delineation of Primary Market Area

The Primary Market Area (PMA) for any form of rental real estate property is defined as the area from which a majority of the project's tenants will be drawn. According to various industry sources, the PMA of a seniors housing care facility is determined by the density of the population, the proximity of competing properties, and the ease of transit in the surrounding area. The PMA for urban facilities is generally from 3 to 10 miles, for suburban facilities 5 to 20 miles, and for small town and rural facilities 20 to 30 miles[12] as indicated in the following data.

Distances that Residents Relocated from

Distance	Assisted Living	Assisted & Independent Living	CCRC
Less than 5 miles	40.00%	43.50%	52.20%
5 to 10 miles	20.40%	20.00%	16.40%
11 to 25 miles	20.00%	15.30%	13.40%
25 to 50 miles	7.30%	5.90%	6.00%
More than 50 miles	12.40%	15.30%	11.90%

A number of factors tend to define a market area. One important factor is density. In rural areas, it may be many miles between towns large enough to sustain services, and residents are accustomed to driving significant distances to access services. Conversely, in urban or suburban areas, a resident may have a choice of competing services within a short drive of his or her home and will normally select the more proximal service provider or the service provider more convenient to access. Physical barriers can also shape market areas. Rivers, lakes, streams, military bases, and major highways are all examples of barriers that can constrain market areas. Barriers can also be psychological. For example, it is common for persons who live on one side of a highway to seldom access services in a similar area on the opposite side of the same highway, even though access is not constrained. Likewise, persons living in a given town or county are often reluctant to access services in an adjacent town or county. The location of competing facilities is also a factor to consider. In market areas served by a greater number of competing facilities, the primary drawing area for each facility tends to be smaller since residents of the market area tend to access the service provider nearest their location. Each of these factors is considered in the delineation of the subject's PMA.

12. *Assisted Living Manual* (Published by Assisted Living Federation of America) and *Integrated Senior Care: Assisted Living and Long Term Care Manual* (Published by Thompson Publishing Group). These radii are also supported by the criteria used by many national developers of seniors housing.

Physical Barriers

There are no significant physical barriers in the immediate proximity of the subject that are believed to limit the subject's market area.

Psychological Barriers

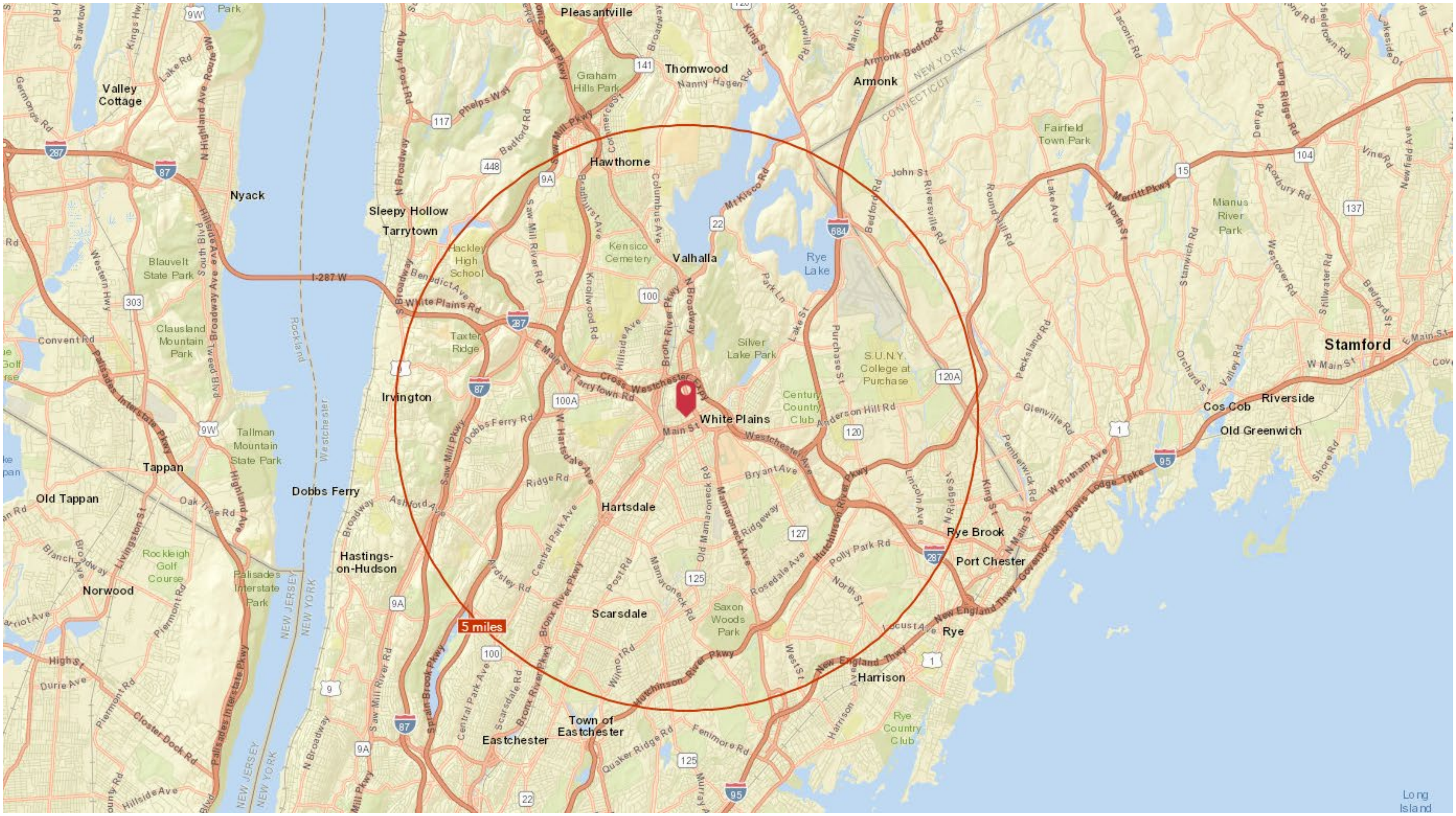
The subject's market area is not constrained by any known psychological barriers.

Location of Competing Facilities

There are competing facilities scattered throughout the area, indicating that seniors have a wide variety of facilities from which to choose. This tends to limit the size of market areas, as it is not necessary for seniors or adult children decision makers to travel far from the home to find suitable seniors housing.

Market Area Delineation Conclusion

Considering the physical and psychological barriers, population density, and the concentration of competing facilities, we have concluded that an appropriate PMA for the subject is a 5 mile radius. In this market, we believe that the majority of demand will come from the PMA. No measurable draw from a secondary market area is forecast.



Primary Market Area Map

Composition

The predominant land use in the market area is single-family residential. The estimated land use composition is shown in the following table:

Estimated Land Use Composition

Use	% of PMA
Single-Family Residential	35%
Multi-Family	10%
Schools, Churches, Public Buildings, Rec. Areas	15%
Retail & Personal Service	15%
Office	15%
Industrial	5%
Vacant Land	5%
Total	**100%**

Social Forces

An analysis of the PMA demographics relative to the U.S. will yield insight into the nature of the PMA. All of the data in this section is obtained from Esri.

Population Growth

Population growth figures are shown below:

Population Growth

Area	2000	2010	Annual % Change 2000-2010	2019	Annual % Change 2010-2019	2024	Annual % Change 2019-2024
PMA	183,734	192,846	0.49%	196,765	0.22%	199,556	0.28%
United States	281,421,906	308,745,538	0.93%	330,088,686	0.75%	343,954,683	0.83%

Source: Esri

Between 2010 and 2019, PMA population growth was less than the national average. The forecasted growth for the PMA is at a rate less than the nation as a whole.

Household Growth

Household growth figures are shown below:

Household Growth

Area	2000	2010	Annual % Change 2000-2010	2019	Annual % Change 2010-2019	2024	Annual % Change 2019-2024
PMA	67,146	70,114	0.43%	71,526	0.22%	72,468	0.26%
United States	105,480,101	116,716,292	1.02%	124,110,001	0.68%	129,076,036	0.79%

Source: Esri

Between 2010 and 2019, PMA household growth was less than the national average. The forecasted growth for the PMA is at a rate less than the nation as a whole.

Income Levels

Pertinent income data is shown below:

Income Levels

Area	2019 Average HH Income	2019 Median HH Income
PMA	$185,085	$123,907
United States	$83,694	$58,100

Source: Esri

The current PMA average household income level is higher than the national average. The PMA median household income is higher than the national average.

Housing Market

Esri reports the housing market statistics shown below:

Housing Market Statistics

Area	2019 Owner Occupied	2019 Median
PMA	67.2%	$725,655
United States	63.1%	$218,492

Source: Esri

The subject is located in White Plains, New York. The median home value (as determined by Esri) within the PMA of the subject property is 725,655. The housing market in the PMA is considered to be healthier than average.

Public Services

Street Improvements

The market area benefits from the following road infrastructure:

Interstate Highways -

North-South:	I-287
East-West:	None

Other Highways -

North-South:	Bronx River Parkway
East-West:	None

Major City Streets -

North-South:	South Broadway
East-West:	Hamilton Avenue

Overall, accessibility to and within the PMA is rated as excellent.

Police/Fire Protection

Police and fire protection is provided by the City of White Plains.

Schools

The area is within the White Plains School District.

Shopping

The area is adequately served by a number of shopping centers.

Medical

The full service hospital nearest the subject is White Plains Hospital Center. This facility is located 0.67 miles south of the subject.

Seniors Housing Market Demographics

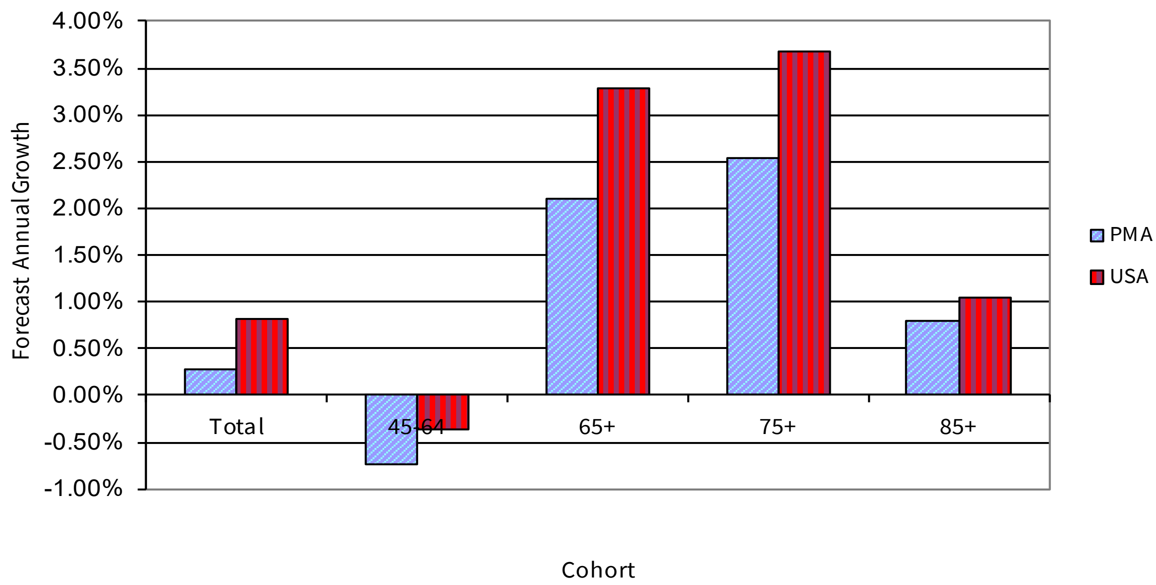
Demographics relevant to the seniors housing market are as follows:

Market Area Characteristics

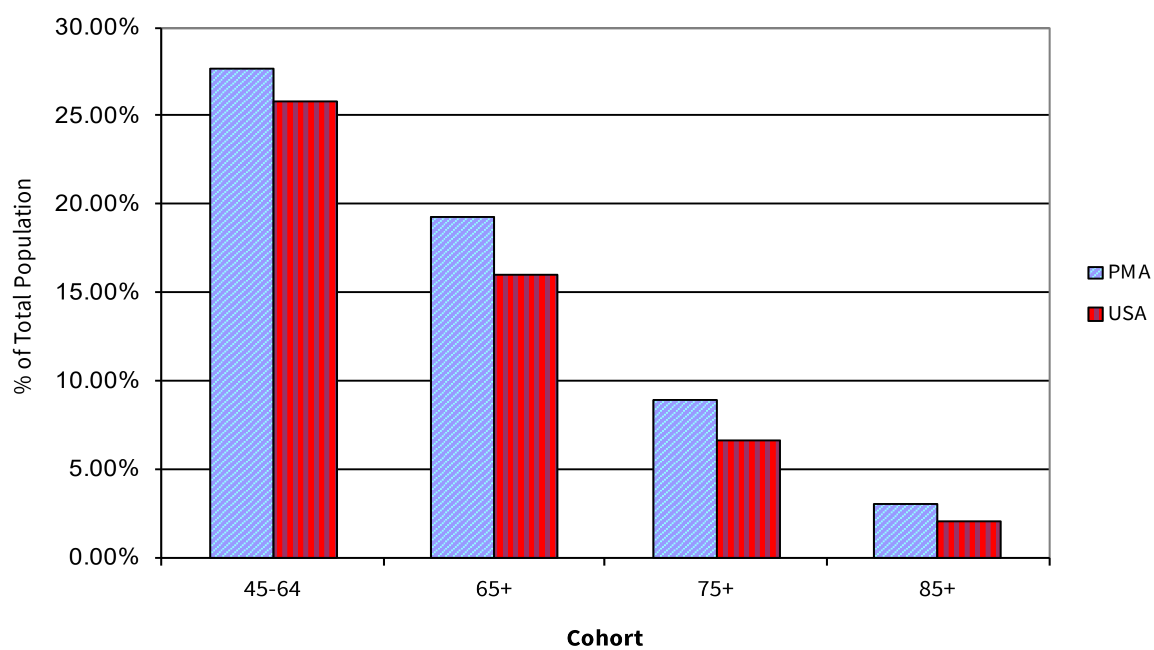
Item	PMA	USA
Total Population		
2019 Population	196,765	330,088,686
Forecasted 2024 Population	199,556	343,954,683
Forecasted Annual Growth, 2019-2024	0.28%	0.83%
Adult Child (45-64) Population		
2019 Population 45-64	54,472	85,059,700
Forecasted 2024 Population 45-64	52,515	83,511,625
Forecasted Annual Growth, 2019-2024	-0.73%	-0.37%
2019 Age 45-64 Pop. as % of Total Pop.	27.68%	25.77%
65 Plus Population		
2019 Population 65+	37,895	52,780,182
Forecasted 2024 Population 65+	42,063	62,005,855
Forecasted Annual Growth, 2019-2024	2.11%	3.27%
2019 Age 65+ Pop. as % of Total Pop.	19.26%	15.99%
75 Plus Population		
2019 Population 75+	17,436	21,708,863
Forecasted 2024 Population 75+	19,767	26,009,367
Forecasted Annual Growth, 2019-2024	2.54%	3.68%
2019 Age 75+ Pop. as % of Total Pop.	8.86%	6.58%
85 Plus Population		
2019 Population 85+	5,822	6,636,923
Forecasted 2024 Population 85+	6,059	6,990,583
Forecasted Annual Growth, 2019-2024	0.80%	1.04%
2019 Age 85+ Pop. as % of Total Pop.	2.96%	2.01%
Income Levels		
Median Household Income, All Ages	$123,907	$58,100
Median Income Level Age 55 to 64	$162,287	$65,469
Median Income Level Age 65 to 74	$102,474	$52,012
Median Income Level Age 75+	$56,655	$33,107

Source: Esri

Comparison of Growth Rate Forecasts



Comparison of Population Composition



Overall population growth is forecast to be less than average in the PMA. Growth of persons in the "adult child" age brackets (45 to 64) is forecast to be less than average, while the percent of total population that is within the 45 to 64 age group is greater than average. The percent of total population that is 65+ is greater than average. Forecasted growth for the 65+ cohort is less than average. The percent of total population that is 75+ is greater than average. Forecasted growth for the 75+ cohort is less than average. Lastly, the 85+ population is forecast to grow at a pace less than the national average, while representing a greater than average percent of the total population base of the PMA. PMA average income levels are above average.

Conclusion

The subject's PMA is concluded to be a 5 mile radius. The primary land use in the area is single-family residential, and the area is approximately 95% developed. The PMA is forecast to experience less than average population growth and has above average household income. The area is considered to be in a stage of growth. Between 2019 and 2024, the market area should experience below average growth in demand for seniors housing relative to the nation as a whole. Given the history of the area and the growth trends, it is anticipated that property values will remain stable or increase slightly in the future, with recovery following the near-term impacts of COVID-19.

Site Description and Analysis

Specific site details are as follows:

Location -

Street Address:	120 Church St
Site Orientation:	Interior site

Accessibility and Visibility -

Street Descrip. (Primary):	2 way, 2 lanes each way
Traffic Flow:	Moderate
Median:	No
Traffic Control at Entry:	None

Physical Characteristics -

Site Size (Sq. Ft.):	34,803
Shape:	Mostly rectangular
Topography:	Mostly level
Excess Land Area:	No

Flood Zone Information -

Zone:	Zone X
Panel Number:	36119C0267F
Flood Insurance:	Not required

Utility Availability -

Electricity:	Public to site
Natural Gas:	Public to site
Water:	Public to site
Sewage Treatment:	Public to site
Telephone:	Public to site

Environmental -

Known Hazards:	None
Earthquake Zone:	Not in earthquake prone area

Adjacent Properties -

North:	Retail, Office
East:	Retail, Office
South:	Retail, Office
West:	Retail, Office
Nuisances or Hazards:	None

Easements and Other Legal Constraints -

Access Easements:	None
Encroachments:	None
Utility Easements:	Typical for improved properties to allow for the installation and maintenance of utility lines
Other Restrictions:	None

Overall Ratings -

Accessibility Rating:	Good
Visibility Rating:	Good
Functional Utility:	Good

Aerial Photograph Take Prior to Construction(Source: Google Earth)

Conclusion

The subject's site contains a total of 34,803 square feet. The shape of the site is mostly rectangular and the topography is mostly level. Overall, the site is considered to have good functional utility. It is physically suited for a wide range of uses and is well suited for the present use.

Improvement Description and Analysis

Introduction

The following definitions of the Seniors Housing Classifications were jointly developed by the American Seniors Housing Association (ASHA) and the National Investment Center (NIC):

Active Adult Community: For-sale single-family homes, townhomes, cluster homes and condominiums with no specialized services, restricted to adults at least 55 years of age or older. Rental housing is not included in this category. Residents generally lead an independent lifestyle; projects are not equipped to provide increased care as the individual ages. It may include amenities such as clubhouse, golf course and recreational spaces. Outdoor maintenance is normally included in the monthly homeowner's association or condominium fee.

Senior Apartment Community: Multifamily residential rental properties restricted to adults at least 55 years of age or older. These properties do not have central kitchen facilities and generally do not provide meals to residents, but may offer community rooms, social activities, and other amenities.

Independent Living Facility (ILF): Age-restricted multifamily rental properties with central dining facilities that provide residents as part of their monthly fee with access to meals and other services such as housekeeping, linen service, transportation, and social and recreational activities. Such properties do not provide, in a majority of the units, assistance with activities of daily living (ADLs) such as supervision of medication, bathing, dressing, toileting, etc. There are no licensed skilled nursing beds in the property.

Assisted Living Facility (ALF): State regulated rental properties that provide the same services as independent living communities listed above, but also provide, in a majority of the units, supportive care from trained employees to residents who are unable to live independently and require assistance with activities of daily living (ADLs) including management of medications, bathing, dressing, toileting, ambulating and eating. These properties may have some skilled nursing beds, but the majority of units are licensed for assisted living. Many of these properties include wings or floors dedicated to residents with Alzheimer's or other forms of dementia. A property that specializes in the care of residents with Alzheimer's or other forms of dementia should be considered an assisted living property.

Independent and Assisted Living Facility (IALF): Single communities offering both independent and assisted living within the same building or on the same campus.

Skilled Nursing Facility (SNF): Licensed daily rate or rental properties that are technically referred to as skilled nursing facilities (SNF) where the majority of individuals require 24-hour nursing and/or medical care. In most cases, these properties are licensed for Medicaid and/or Medicare reimbursement. These properties may include a minority of assisted living and/or Alzheimer's/dementia units.

Continuing Care Retirement Communities (CCRCs): Age-restricted properties that include a combination of independent living, assisted living and skilled nursing services (or independent living and skilled nursing) available to residents all on one campus. Resident payment plans vary and include entrance fee, condo/co-op and rental programs. The majority of the units are not licensed skilled nursing beds.

The following are additional terms that are used in describing seniors housing properties:

Licensed beds: The number of beds a facility is licensed to operate by the appropriate state licensing agency.

Living units: The number of living units, consisting of one or more rooms, designed to accommodate residents of the facility.

Operating beds: The number of beds a facility actually operates. This may be less than the number of licensed beds.

Private bed: A bed situated in a room with no other beds/residents.

Semi-private bed: A bed situated in a room with one other bed/resident.

Ward bed: A bed situated in a room with two or more other nursing beds/residents.

Private pay: Refers to a resident whose charges are funded by: personal funds, assistance from relatives or other private individuals or groups, or by long term care insurance.

Resident day: A day for which services are rendered and billable, or a day for which a bed or unit is held and billed. For example, if a resident rents and occupies a unit for a full calendar year, that resident would have occupied the bed or unit for 365 resident days.

Medicaid: Provides health coverage for people of all ages whose incomes are low. To qualify for Medicaid, an individual, couple, or family must meet income and resource guidelines. Income includes money received each month from Social Security, employment, or other sources. Resources refer to the value of items owned such as cash and savings. Some resources, such as the family home and one car, are not counted in determining Medicaid eligibility. To qualify, individuals must be U.S. citizens, with some exceptions for certain categories of non-citizens. Medicaid pays for basic health services and for some services not covered by Medicare such as medicine, nursing facility care, eye exams, glasses, transportation for medical care, and other medical services. Medicaid is funded and

regulated by both federal and state governments. As a result, Medicaid rules are different from state to state.

Medicaid waiver: Under Section 1915(c) of the Social Security Act, Medicaid law authorizes the Secretary of the U.S. Department of Health and Human Services to waive certain Medicaid statutory requirements. These waivers enable States to cover a broad array of home and community-based services (HCBS) for targeted populations as an alternative to institutionalization. Waiver services may be optional State Plan services which either are not covered by a particular State or which enhance the State's coverage. Waivers may also include services not covered through the State Plan such as respite care, environmental modifications, or family training. Many states have Waiver programs in place to provide for assisted living care.

Medicare: A federal health insurance program. Passed in 1965 as Title XVIII of the Social Security Act, Medicare was intended to pay the cost of some health care services in order to ensure access to a basic level of health care for the aged and other eligible persons. Medicare will cover the first 20 days of nursing facility care and will partially pay for the next 80 days for a total benefit not to exceed 100 days. A three-day hospital stay is required to qualify for this benefit.

Medicare Part A: Provides payment for post-hospital care in a Medicare certified nursing facility. Medicare (Part A) may provide payment for post-hospital care in a nursing facility for up to 100 days if Medicare coverage requirements (the 5 rules) are met. A resident is entitled to full coverage for the first 20 days. From the 21st day through the 100th day, Medicare pays for all covered services except a daily co-pay amount for which the resident is responsible. That means the resident has to pay the co-pay either with his or her own money or, if eligible, through Medicaid, or through private insurance (i.e. a Medi-Gap policy). A nursing facility resident will not be entitled to any Medicare (Part A) coverage unless he or she is admitted to a nursing facility within 30 days following a 3-day hospital stay. Medicare Certified nursing facilities are reimbursed for providing nursing facilities stays based upon the Prospective Payment System.

Medicare Part B: Seniors are required to enroll in Medicare Part B. Medicare Part B pays for doctors' services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary.

Medicare Prospective Payment System (PPS): Section 4432(a) of the Balanced Budget Act (BBA) of 1997 modified how payment is made for Medicare skilled nursing facility (SNF) services. Effective with cost reporting periods beginning on or after July 1, 1998, SNFs were

no longer paid on a reasonable cost basis or through low volume prospectively determined rates, but rather on the basis of a prospective payment system (PPS). The PPS payment rates is adjusted for case mix and geographic variation in wages and covers all costs of furnishing covered SNF services (routine, ancillary, and capital-related costs). The amount of reimbursement for each resident is based upon the RUG-III case mix system.

RUG-IV: RUG IV is a 66- group model for classifying nursing facility residents into homogenous groups according to common health characteristics and the amount and type of resources they use. Residents are classified based on residents' clinical conditions, extent of services used, and functional status. The groups are in seven general categories (in general order of costs associated with caring for residents): rehabilitation plus extensive services, extensive services, clinically complex, special care high, special care low, behavioral symptoms and cognitive performance and reduced physical function.

Patient Driven Payment Model (PDPM): The main aspects of the PDPM are as follows:

- Overhauls Medicare Part A only
- Categorizes and reimburses based upon patient characteristics versus therapy minutes
- Budget neutral in aggregate at $500 million reimbursement cut to rehabilitation is added to nursing care; however, this if for CMS only, and not for individual providers
- Targets overutilization of therapy services
- Final rule published on July 31, 2018 and is implemented on October 1, 2019

Subject Photographs

Front View from Street

Side View

Rear View

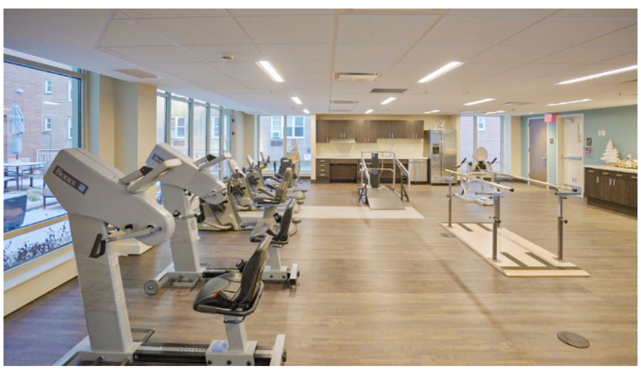
Courtyard

Courtyard

Lounge Area

Day Room

Typical Hallway



Therapy Room

Cafe

Dining Area

Beauty Salon

Beauty Salon

Typical Hallway

Unit/Bed Mix and Building Areas

The following is a tabulation of the subject's unit/bed mix.

Unit Mix

Unit Type	Unit Square Feet	Number of Units	Beds Per Unit	Total Beds
Nursing - Private	400	20	1	20
Nursing - Semi-Private	800	70	2	140
Totals	**N.A.**	**90**	**N.A.**	**160**

The subject is licensed for 160 beds and operates with 160 beds as shown above.

Summary of Construction Components

A summary of the improvements follows.

Size and Shape -

Gross Building Area (SF):	110,210
Basement:	Yes
Stories:	6
Building Shape:	Rectangular

Age and Life -

Year Built:	2019
Chronological Age (Years):	1
Effective Age (Years):	1
Total Economic Life (Years):	60
Remaining Economic Life:	59

Structure and Exterior Surfaces -

Marshall Valuation Service

Construction Class:	Class A
Foundation:	Reinforced concrete slab
Wall Frame:	Wood/lightweight steel frame
Roof Frame:	Wood/lightweight steel frame
Exterior Walls:	Veneer of brick and wood
Roof:	Flat roof

Windows and Doors -

Entry Doors:	Wood with glass
Other Exterior Doors:	Steel
Interior Doors:	Hollow core wood or masonite
Windows:	Aluminum frame, double pane residential style windows

Living Unit Finish and Mechanicals -

Wall Finish:	Gyprock finished with paint and wallpaper
Ceiling Finish:	Gyprock finished with paint
Floor Surfaces:	Vinyl
Bathrooms:	One bathroom per unit with sink, toilet and walk-in shower, or one half-bathroom per unit with sink and toilet
Kitchen:	None
Closets:	One per resident
HVAC:	Through wall package units
Hot Water:	Common boiler

Common Area Finish and Mechanicals -

Common Area Room Types:	Offices, lounge areas, activity room, dining room and therapy room
Wall Finish:	Gyprock finished with paint and wallpaper
Ceiling Finish:	Suspended acoustical ceiling with fluorescent lighting panels
Floor Surfaces:	Carpet and vinyl
Bathrooms:	Multiple common area bathrooms/shower rooms
HVAC:	Central
Hot Water:	Common boiler
Elevators:	2

Safety and Health Care –

Fire Protection:	Fire sprinkler system with alarms
Smoke Protectors:	Hard-wired, ceiling-mounted smoke detectors
Lighting:	Battery-powered, wall mounted emergency lighting
Resident Call Systems:	Centrally monitored resident call system
Care Stations:	4
Security:	Exterior door locks, intercom system, etc.
Memory Care Security:	None

Other Improvements -

Other Structures:	None
Paving/Parking:	Asphalt paved drives and open parking lot with concrete curb
Parking Spaces (#):	0.33 Spaces Per Bed Required
Sidewalks:	Concrete
Landscaping:	Native grasses, low profile ground cover, shrubs, and trees
Lawn Irrigation:	Automatic underground distribution with pop-up heads
Signage:	Monument sign at front of site

Furniture, Fixtures and Equipment (FF&E) -

Administrative:	Telephones, copiers, filing cabinets, desks, chairs, etc.
Transportation:	Facility bus
Common Areas:	Tables and chairs, couches, activity supplies, etc.
Kitchen:	Fully equipped commercial kitchen
Housekeeping:	Mops, brooms, vacuum cleaners, buckets, carts, etc.
Laundry and Linen:	Laundry carts, washing machines, dryers, etc.
Maintenance:	Tools and supplies for maintenance, repairs and decorating.

Ratings -

Construction Quality:	Excellent
Layout:	Good
Unit\Bed Configuration:	Good
Overall Condition:	Excellent

Amenities

The subject's amenities include:

- Dining area
- Lobby
- Lounges
- TV viewing areas
- Courtyard
- Therapy room

Intangible Items

In addition to the "hard assets" described herein, the going concern values include the following intangible items:

- Systems and procedures
- Referral network
- Name recognition
- Management expertise
- Assembled work force

Effective Age and Remaining Economic Life

According to Marshall & Swift the life expectancy for a Class A, Excellent quality facility of the subject's use is 55 years, which we consider to be low. To support this, we can look to the implied life assigned to buildings involved in recent transactions. We conducted valuations of several large portfolios of seniors housing facilities, including a mix of nursing facilities and assisted living. Important statistics are as follows:

- Portfolio A had 261 assets in operation. The average age was 36 years. Of the total 261 assets, 22% were already 40 years old. The entire portfolio was leased to an operator for a term of 20 years, implying a life of at least 56 years (36-year average + 20-year lease).
- Portfolio B had 336 assets with an average age of 24 years. The portfolio was leased for a maximum term of 22 years, implying a life of at least 46 years.
- Portfolio C had 19 assets with an average age of 45 years. The portfolio was leased for a maximum term of 20 years, implying a life of at least 65 years.

In addition, barriers to entry can limit competition and serve to extend the economic life of a building. A significant barrier to entry in the nursing facility sector is CON requirements. The subject is located in a state with CON requirements, which will likely result in the subject having a longer than typical economic life.

Based upon the preceding, we conclude the total economic life of the subject to be 60 years. The subject was built in 2019, thus the actual chronological age is 1 year. The subject has not been updated. The level of maintenance received appears to have been average.

We have concluded the effective age of the subject to be 1 year. Therefore, the concluded remaining economic life of the subject is 59 years (60 years less 1 year).

Functional Utility and Functional Obsolescence

The subject has good functional utility. Like many newer facilities, the subject has more private rooms and bathrooms. The impact of this will be considered in selecting the appropriate capitalization rate for the subject.

Conclusion

The subject is a 160-bed nursing center. The property was built in 2019 and contains 110,210 square feet. Its construction quality is rated as excellent and the subject's condition is excellent.

Ad Valorem Tax Analysis

Current Taxes

Total taxes based upon the most current assessed value and tax rate are as follows.

Current Tax Analysis

Tax Account/ID #:	125.67-3-1
Assessment Year:	2020
Assessor's Market Value for Land:	$0
Assessor's Market Value for Improvements:	$29,433,962
Assessor's Total Market Value:	$29,433,962
Assessor's Total Market Value Per SF:	$267.07
Assessor's Total Market Value Per Bed:	$183,962
Assessor's Total Market Value:	$29,433,962
Times Real Estate Assessment/Equalization Ratio	3%
Assessed Value of the Real Estate	$780,000
Divided by	$1,000
Times Real Estate Tax Rate	1029.35
Base Real Estate Taxes	$802,893
Plus Personal Property Taxes	$0
Less Special Exemptions	$0
Plus Special Assessment and Other Taxes	$0
Total Taxes	**$802,893**

It is noted that properties in this jurisdiction (Westchester County) are re-assessed annually and a sale does not automatically trigger a re-assessment.

Analysis of Assessed Value

The subject’s assessed value is shown below:

Assessment

Year	Assessor's Market Value for Land	Assessor's Market Value for Improvements	Assessor's Market Value for FF&E	Assessor's Total Market Value
2020	$0	$29,433,962	$0	$29,433,962

The assessor’s estimate of market value is shown above. Few assessors have the knowledge, expertise or training to accurately value seniors housing properties. Further, part of the value of a well performing seniors housing property is intangible business value, which is not subject to ad valorem taxation. As under-assessments are typical, another means for evaluating an assessed value is to compare assessed values for similar properties in the same, or nearby, assessment districts.

Analysis of Ad Valorem Assessment Comparables

Property	Assessor's Market Value for Real Estate	Beds	Sq. Ft.	Assessor's Market Value for Real Estate	
				Per Bed	Per SF
Subject	$29,433,962	160	110,210	$183,962	$267.07
White Plains Center for Nursing Care	$6,150,000	88	24,902	$69,886	$246.97
The Enclave at Port Chester	$6,223,100	160	46,092	$38,894	$135.01
Tarrytown Hall Care Center	$12,077,600	120	36,087	$100,647	$334.68
Average Excluding Subject	**$8,150,233**	**123**	**35,694**	**$69,809**	**$238.89**

Based upon the preceding, the subject's assessment is considered fair and equitable.

Special Assessments

Our investigation discovered no special assessments for the subject.

Total Taxes

Total taxes that will be payable in the 12 month period following the date of valuation are as follows:

Forecasted Taxes

Forecasted Assessor's Total Real Estate Market Value	$29,433,962
Times Real Estate Assessment/Equalization Ratio	3%
Forecasted Real Estate Assessed Value	$780,000
Divided by	$1,000
Times Real Estate Tax Rate	1029.35
Base Real Estate Taxes	$802,893
Plus Personal Property Taxes	$0
Less Special Exemptions	$0
Plus Special Assessment and Other Taxes	$0
Total Taxes	**$802,893**

As of the report date, there are no delinquent taxes on the subject property.

Regulatory Overview

Zoning

According to the City of White Plains, the subject is currently zoned PM-0.35 (Residential Multifamily District). A description of the zoning classification is presented below:

Department and Telephone Number:	Planning Department at 914-995-4400
Zoning Classification:	PM-0.35 (Residential Multifamily District)
Permitted Uses:	Single-Family Dwelling, Multifamily Dwelling, Church, School, Parking Lot
Zoning Compliance:	The subject is a Legal, conforming use
Maximum Height:	125 feet
Maximum Site Coverage:	N/A

Deed Restrictions

We have assumed that the subject is not affected by any adverse deed restrictions. However, this is a legal matter, and an attorney should be consulted for verification of this assumption.

New York Nursing Facility Licensing

The state of New York licenses and regulates nursing facilities. The following summarizes license requirements:

License Type:	Residential Health Care Facilities
Regulatory Agency:	New York Department of Health's Bureau of Project Management
Certificate of Need Required:	Yes
License Required:	Yes
Provider Bed Tax:	Yes. The Provider Bed Tax is 6.8% of non-Medicare room revenue

Inspections:	Required by the New York Department of Health's Bureau of Project Management for the issuance of a license and to maintain a license. If violations occur, the New York Department of Health's Bureau of Project Management may suspend or revoke a license or may refer the violation to the Attorney General for injunction and/or the assessment of civil penalties and/or emergency closure.

Subject's Nursing Certification

The subject's certification is as follows:

Subject's Nursing Bed Certification

Certification Type	Number Of Certified Nursing Beds
Medicaid or Private Pay Only	0
Medicare or Private Pay Only	0
Dual Medicaid/Medicare	120
Private Pay Only	7
Total	**127**

The subject is licensed for 160 beds and operates with 160 beds. Please note, 33 of the 160 beds currently have pending certifications types.

Potential Changes in the Regulatory Environment

We are not aware of any pending changes in the regulatory environment in the state of New York that would negatively impact the subject.

Conclusion

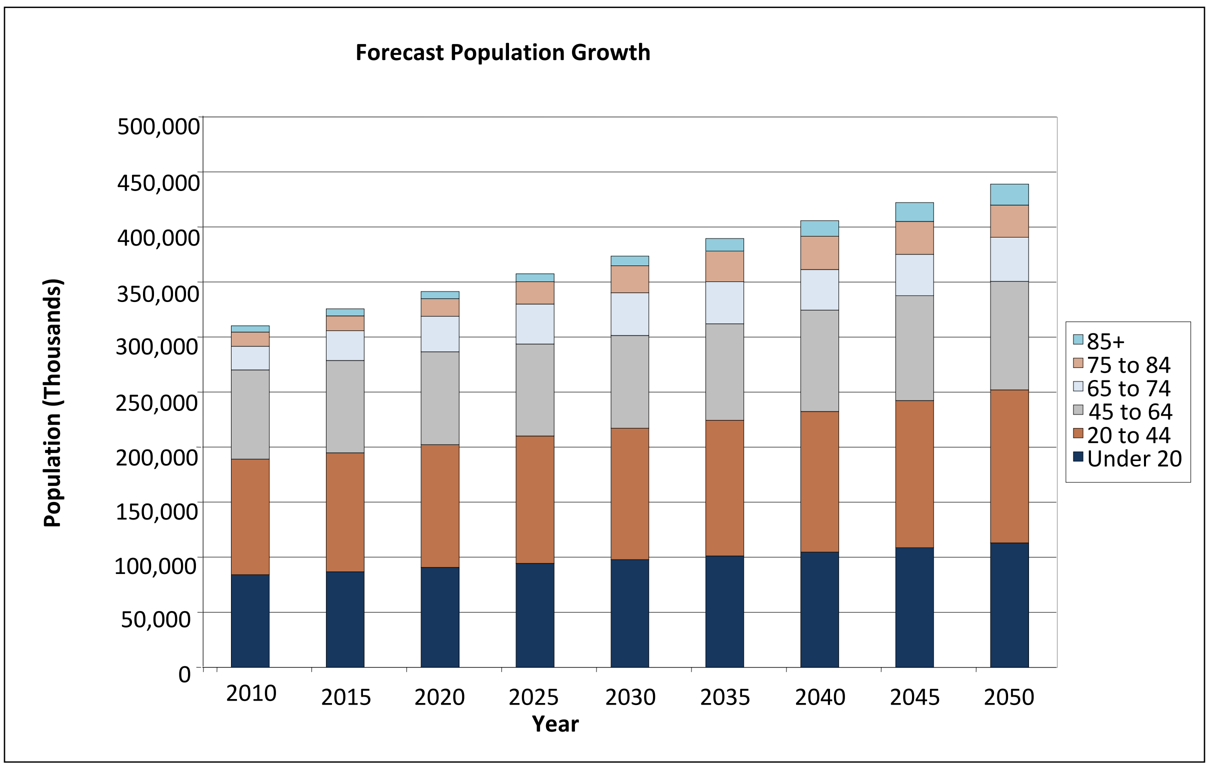
The subject is a licensed facility with 160 licensed beds. The number of operating beds is 160 beds. The license is currently in good standing. We are not aware of any changes in the regulatory environment that would negatively impact the subject.

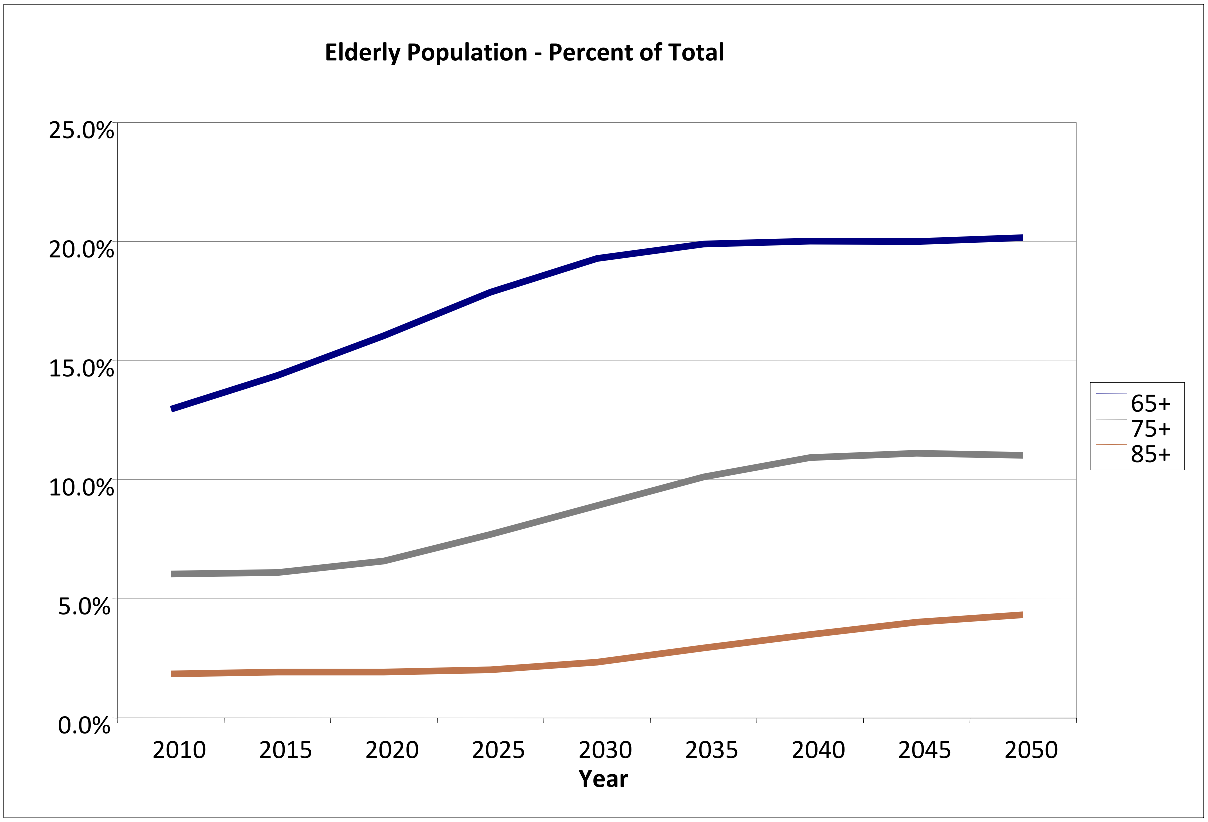
Seniors Housing Market Analysis

Aging Trends

There is no denying that the demographic trends impacting the seniors housing sector are positive. As of the 2010 Census, there were 40.3 million elderly Americans (those aged 65 and older), making up nearly 13% of the total population. The elderly population is expected to almost double by the year 2030 to 72 million, to make up 19% of the total population. The 2010 Census also indicated that there were 5.5 million Americans aged 85 and older, almost 2% of the total population. This population is expected to almost double by 2030 and become 2.3% of the total population. In 2050, as many as one in five Americans could be elderly.

Much of the forecast growth will occur between 2010 and 2030, due to the Baby Boomer generation entering their elderly years. This is most apparent when comparing growth rates. Between 2010 and 2030, the overall U.S. population is forecast to grow at an annual pace of 0.9% per year. Remarkably, growth in all three seniors sectors is much stronger: 3.0% per year for the 65+ population, 2.9% per year for the 75+ population, and 2.1% per year for the 85+ population. These strong rates of growth will lead to growing demand for seniors housing.





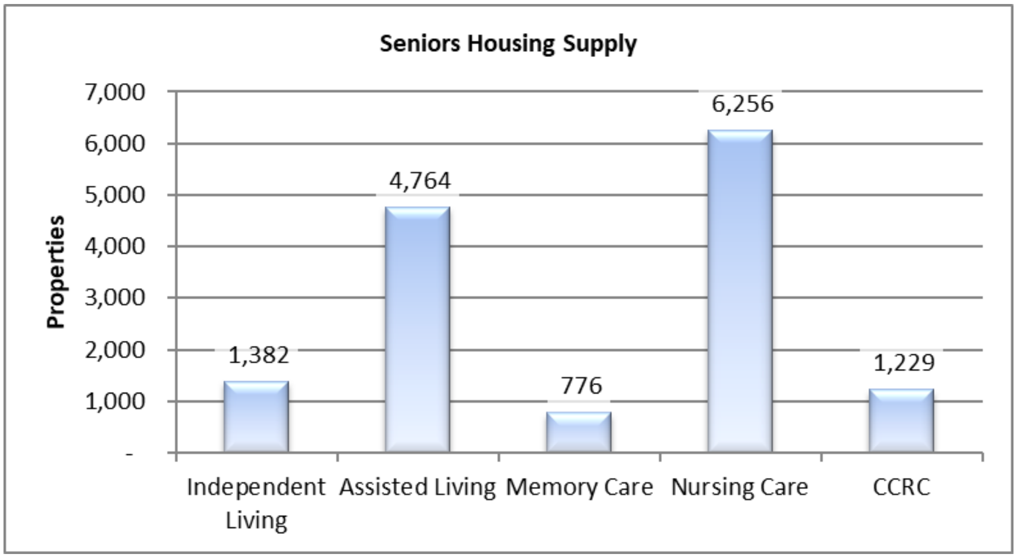
Other Factors Leading to Increased Demand

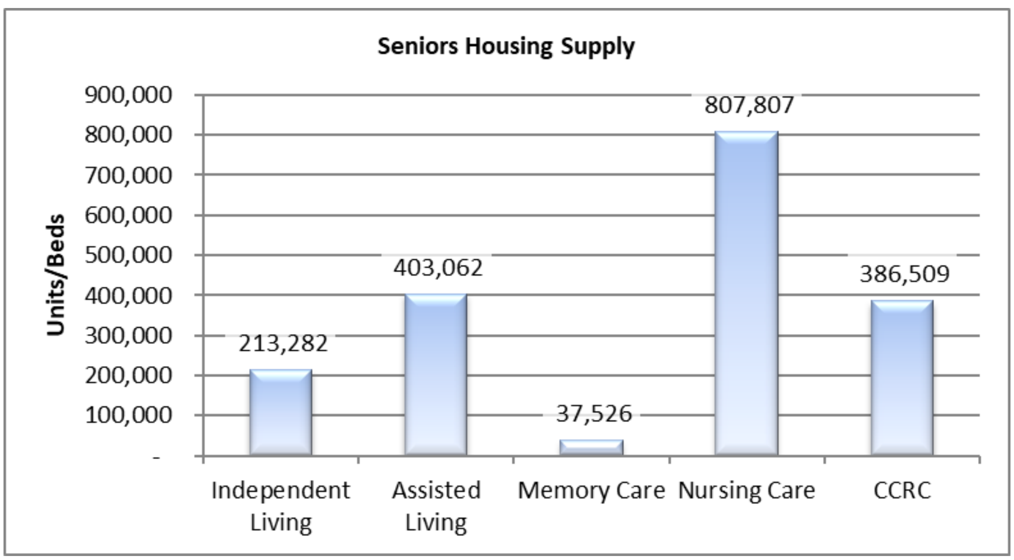
In addition to demographic trends, the following factors are leading to increasing demand for seniors housing and long-term care:

- Need for assistance with ADLs. According to census figures, about 6.5 million seniors need assistance with ADLs. As the number of seniors continues to increase, that number is expected to double by 2020.
- More elderly living alone. Women continue to outlive men, and the likelihood that either men or women will live alone increases with age. Societal factors, such as rising divorce rates and the growing numbers of people choosing not to marry, also contribute to this trend.
- Changes in the role of women. Women have traditionally been the primary caregivers of older people. However, the number of women in the work force grew from 20.5% in 1915 to more than 58% in 2010. With this change, fewer women are serving as caregivers, creating the need for the elderly to seek assistance outside the home.

National Senior Housing Supply Trends

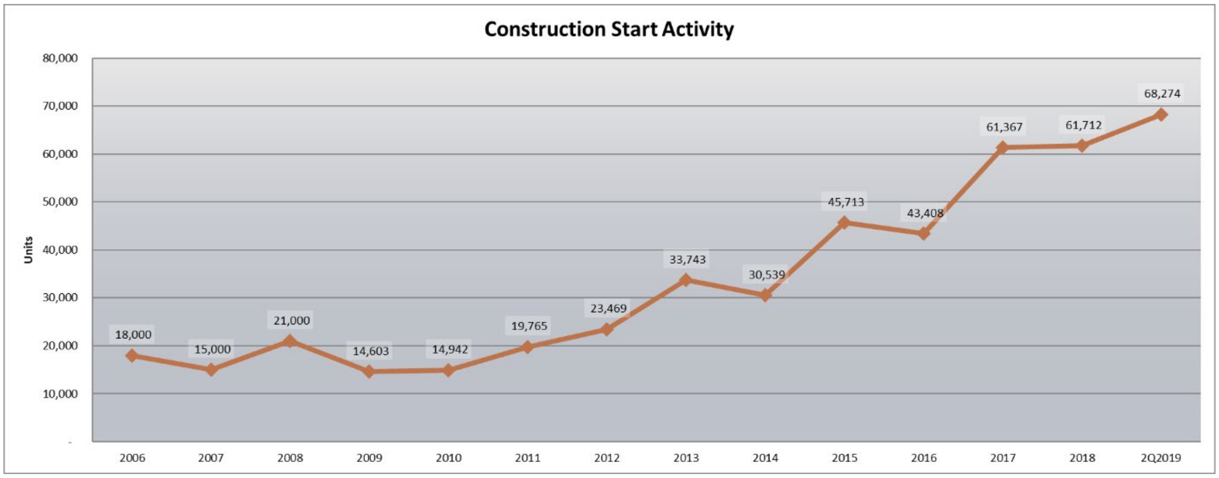
Senior apartments and independent living supply is typically expressed in terms of units, while assisted living and nursing supply is expressed in terms of beds. *NIC MAP Construction Monitor* estimated there were 14,521 seniors housing properties consisting of 1,865,582 units/beds in the primary and secondary markets of the U.S. as of the 4th quarter 2019, as shown below.





New Development

According to *NIC Map Construction Monitor* for the 4th quarter of 2019, national construction start activity (not including senior apartments) was as follows.

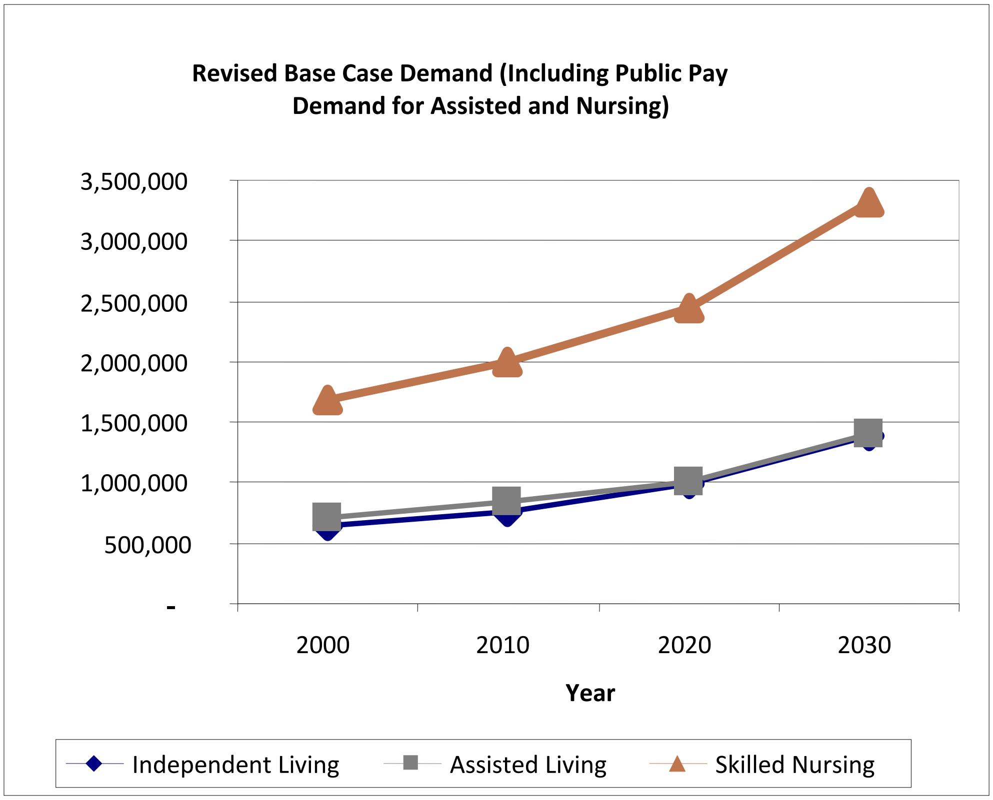


There were 606 seniors housing properties under construction as of the 4th quarter of 2019. The majority of the construction was within new properties with construction in these properties totaling 54,435 units spread across 400 properties. In addition, there were also 206 existing properties undergoing expansions totaling 10,986 units.

National Demand Trends

As noted previously, demographic trends will lead to growing demand for seniors housing over the coming years. Most industry analysts agree that the level of assisted and independent living units that are supportable is not yet known. As the public becomes more educated as to seniors housing options, an increasing percentage of seniors may elect to occupy some form of seniors housing.

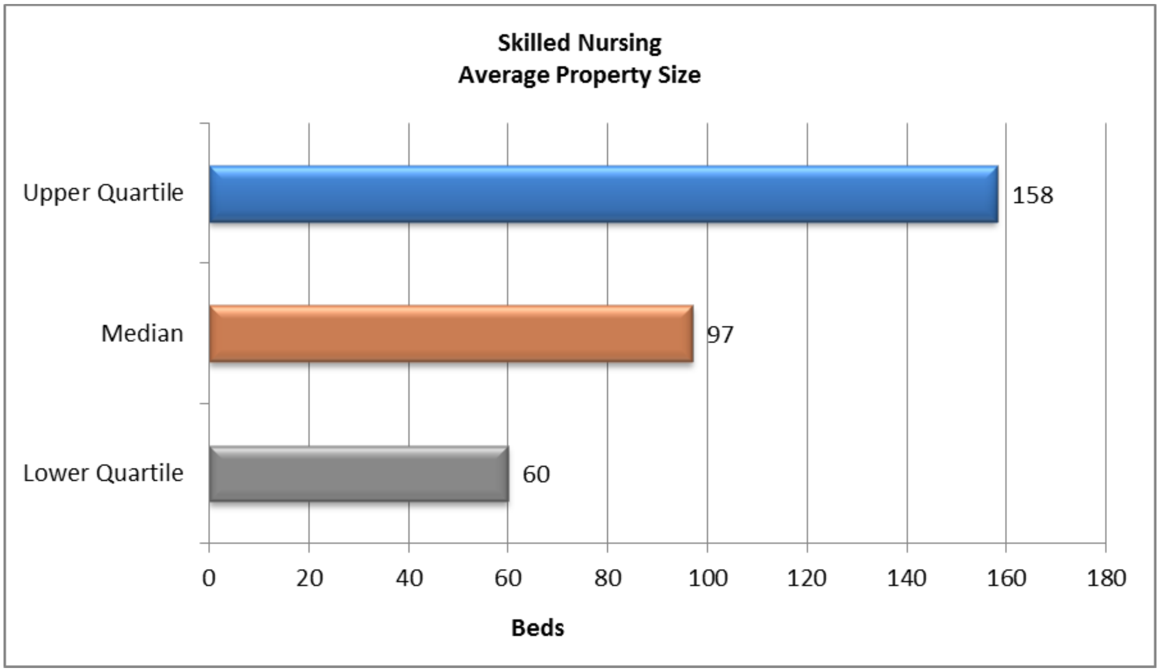
To date the most comprehensive estimate of demand for seniors housing was published in *The Case for Investing in Seniors Housing and Long Term Care Properties with Updated Projections*. The study, conducted by NIC in partnership with Price Waterhouse, LLP, produced the following base case estimates of effective demand for seniors housing.



Property Size

Skilled Nursing

Nursing facilities provide various levels of health care service on a 24-hour basis in addition to shelter, dietary, housekeeping, laundry, and social needs. Skilled care is a level of nursing and supportive care provided by licensed nurses to patients who need 24-hour nursing services on an extended basis. The upper quartile of beds is 158, and the lower quartile of beds is 60. In addition, the median number of beds is 97. It is noted that the 2012 data is the most recent available.



Source: *The State of Seniors Housing 2012*, ASHA

Occupancy

The table on the following page shows the occupancy performance by region compared to a year ago from the National Investment Center for Seniors Housing & Care (NIC).

Performance by Region

Current Quarter vs. One Year Ago

	Occupancy (%)		Stabilized Occupancy (%)		Annual Rent Growth (%)		Annual Inventory Growth (%)		Annual Absorption (%)	
	4Q18	4Q19	4Q18	4Q19	4Q18	4Q19	4Q18	4Q19	4Q18	4Q19
Independent Living[1]	**90.2%**	**90.1%**	**91.3%**	**91.4%**	**3.3%**	**2.9%**	**2.0%**	**2.3%**	**1.7%**	**2.2%**
East North Central	89.7%	89.5%	90.9%	91.1%	3.6%	3.6%	1.7%	2.4%	1.3%	2.2%
Mid-Atlantic	91.4%	90.9%	92.7%	92.1%	4.4%	2.6%	2.3%	2.7%	1.6%	2.1%
Mountain	88.1%	88.3%	90.6%	91.2%	3.5%	3.3%	5.0%	2.9%	3.8%	3.2%
Northeast	92.8%	92.3%	93.0%	93.3%	3.0%	2.3%	1.2%	1.8%	1.9%	1.2%
Pacific	92.8%	91.5%	92.9%	92.8%	3.4%	3.5%	-0.3%	1.8%	-0.4%	0.4%
Southeast	88.0%	88.6%	89.9%	89.8%	3.0%	2.6%	3.3%	2.6%	2.0%	3.3%
Southwest	86.1%	86.5%	87.7%	88.1%	2.5%	1.9%	2.1%	3.4%	2.1%	3.9%
West North Central	90.7%	91.6%	91.4%	92.0%	2.5%	3.7%	3.4%	1.3%	3.0%	2.4%
Assisted Living[1]	**85.2%**	**85.5%**	**88.3%**	**88.2%**	**2.9%**	**2.5%**	**4.6%**	**3.3%**	**3.6%**	**3.7%**
East North Central	84.2%	83.8%	88.3%	87.8%	2.8%	1.8%	6.2%	6.2%	5.7%	5.7%
Mid-Atlantic	83.9%	82.9%	86.8%	86.4%	2.6%	3.0%	4.3%	4.5%	2.8%	3.2%
Mountain	81.5%	83.4%	87.4%	86.9%	3.1%	3.4%	8.3%	3.9%	6.0%	6.3%
Northeast	88.3%	88.2%	90.7%	90.2%	2.3%	2.4%	2.5%	2.3%	2.1%	2.1%
Pacific	88.4%	88.8%	90.0%	89.9%	4.1%	3.3%	2.4%	1.0%	1.0%	1.4%
Southeast	83.2%	83.8%	86.4%	86.8%	2.9%	1.9%	6.2%	4.3%	4.3%	5.0%
Southwest	79.9%	82.3%	83.2%	84.0%	2.9%	2.1%	5.4%	1.2%	4.5%	4.3%
West North Central	86.3%	87.3%	89.9%	90.3%	2.0%	2.3%	5.3%	4.1%	6.5%	5.3%
Nursing Care[1]	**86.1%**	**86.4%**	**86.3%**	**86.5%**	**2.7%**	**2.5%**	**-0.6%**	**-0.2%**	**-0.5%**	**0.1%**
East North Central	83.3%	83.5%	83.5%	83.7%	2.8%	1.8%	-0.5%	-0.2%	-0.6%	0.0%
Mid-Atlantic	87.7%	88.2%	87.8%	88.2%	2.5%	2.3%	-0.1%	-0.2%	-0.2%	0.4%
Mountain	82.6%	84.5%	83.2%	84.9%	2.0%	3.1%	-0.2%	1.1%	-0.5%	3.4%
Northeast	90.8%	90.7%	90.8%	90.7%	2.3%	1.9%	-0.7%	-0.4%	-0.2%	-0.5%
Pacific	89.9%	90.4%	90.0%	90.6%	3.7%	4.8%	-0.3%	0.1%	0.4%	0.7%
Southeast	88.2%	88.4%	88.5%	88.6%	3.2%	2.4%	-0.6%	0.2%	-0.5%	0.5%
Southwest	74.9%	74.7%	75.4%	75.1%	2.1%	2.4%	-0.9%	0.1%	-2.2%	-0.1%
West North Central	80.8%	81.8%	80.9%	81.8%	3.5%	3.1%	-1.2%	-1.4%	-1.4%	-0.1%
CCRCs[1]	**91.2%**	**91.5%**	**91.3%**	**91.6%**	**3.7%**	**3.3%**	**0.8%**	**0.8%**	**0.9%**	**1.1%**
East North Central	90.1%	90.9%	90.2%	90.9%	4.5%	4.4%	0.3%	0.5%	0.1%	1.4%
Mid-Atlantic	93.1%	92.8%	93.2%	92.8%	5.0%	2.6%	1.2%	1.0%	0.6%	0.8%
Mountain	89.8%	90.8%	89.8%	90.8%	3.3%	3.6%	1.5%	0.1%	3.7%	1.1%
Northeast	93.4%	93.7%	93.4%	93.7%	3.0%	2.6%	0.9%	0.9%	1.7%	1.2%
Pacific	92.3%	91.9%	92.6%	92.8%	3.5%	3.7%	0.5%	1.8%	0.9%	1.3%
Southeast	90.1%	90.5%	90.1%	90.5%	3.0%	3.1%	0.6%	0.5%	0.2%	0.9%
Southwest	86.1%	86.2%	86.1%	86.2%	4.6%	3.6%	-0.3%	1.4%	-1.2%	1.4%
West North Central	89.6%	90.1%	89.9%	90.3%	2.4%	4.4%	2.0%	0.2%	1.7%	0.7%

1. Represents aggregate property type data for all markets.

The preceding table represents aggregate property type data collected from the NICMAP 99 markets (primary and secondary market aggregate), as shown below:

East North Central: Includes Akron, OH; Chicago, IL; Cincinnati, OH; Cleveland, OH; Columbus, OH; Dayton, OH; Detroit, MI; Grand Rapids, MI; Indianapolis, IN; Madison, WI; Milwaukee, WI; Toledo, OH; and Youngstown, OH.

Mid-Atlantic: Includes Baltimore, MD; Charleston, SC; Charlotte, NC; Columbia, SC; Greensboro, NC; Greenville, SC; Louisville, KY; Raleigh, NC; Richmond, VA; Virginia Beach, VA; and Washington, DC.

Mountain: Includes Albuquerque, NM; Boise, ID; Colorado Springs, CO; Denver, CO; Las Vegas, NV; Ogden, UT; Phoenix, AZ; Salt Lake City, UT; and Tucson, AZ.

Northeast: Includes Albany, NY; Allentown, PA; Boston, MA; Bridgeport, CT; Buffalo, NY; Harrisburg, PA; Hartford, CT; Lancaster, PA; New Haven, CT; New York, NY; Philadelphia, PA; Pittsburgh, PA; Portland, ME; Providence, RI; Rochester, NY; Scranton, PA; Springfield, MA; Syracuse, NY; and Worcester, MA.

Pacific: Includes Bakersfield, CA; Fresno, CA; Los Angeles, CA; Modesto, CA; Portland, OR; Riverside, CA; Sacramento, CA; San Diego, CA; San Francisco, CA; San Jose, CA; Seattle, WA; Stockton, CA; and Ventura, CA.

Southeast: Includes Atlanta, GA; Augusta, GA; Birmingham, AL; Chattanooga, TN; Daytona Beach, FL; Fort Myers, FL; Jackson, MS; Jacksonville, FL; Knoxville, TN; Lakeland, FL; Melbourne, FL; Memphis, TN; Miami, FL; Nashville, TN; Orlando, FL; Sarasota, FL; and Tampa, FL.

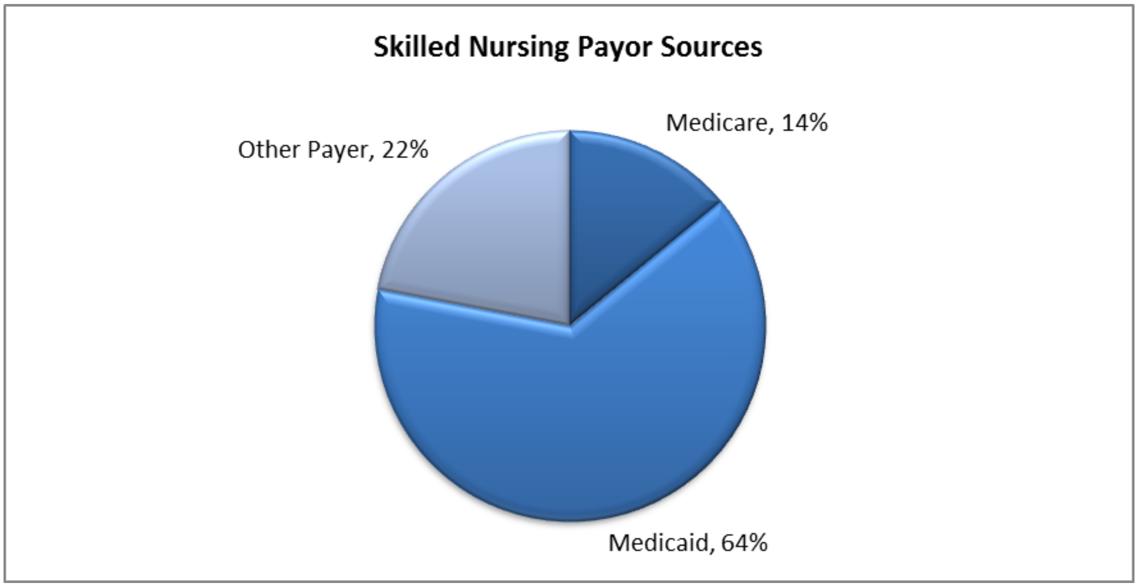
Southwest: Includes Austin, TX; Baton Rouge, LA; Dallas, TX; El Paso, TX; Houston, TX; Little Rock, AR; McAllen, TX; New Orleans, LA; Oklahoma City, OK; San Antonio, TX; and Tulsa, OK.

West North Central: Includes Des Moines, IA; Kansas City, MO; Minneapolis, MN; Omaha, NE; St. Louis, MO; and Wichita, KS.

Payment Types

Skilled Nursing

The majority of nursing home stays are funded by Medicare, Medicaid, or private long-term care insurance.



Source: American Health Care Association, Online Survey, Certification and Reporting (OSCAR)

Medicaid

Medicaid (Title XIX of the Social Security Act) is a joint federal and state health insurance plan for the indigent. Each state administers its own program and provides various benefit levels within broad federal guidelines. Thus, the form and manner of reimbursement vary significantly from state to state.

The Medicaid benefit payment for long-term nursing care service is the lifeblood of the nursing home industry. With some exceptions, the federal government usually provides matching funds of a minimum of 50% of the cost of a state's Medicaid program. The federal participation match rate for each state is calculated using a formula based on the state's average per capita income.

Medicaid predominantly pays nursing homes on a per diem basis, sometimes cost-based, as opposed to per discharge or per diagnosis. Generally, Medicaid per diem rates are raised by a percentage substantially less than the Consumer Price Index inflation rate. In fiscal years when a state is experiencing a budget constraint, the tendency is to allow few or no rate increases.

Among the large for-profit nursing facility companies, Medicaid typically comprises 65% to 70% of the resident census and typically generates around 45% of revenue for nursing facilities. According

to AHCA, the average Medicaid rate for nursing home care was projected to be $182.59 in 2013. Higher Medicare payments subsidize lower Medicaid payments in nursing facilities.

During an economic downturn, demand for Medicaid rises as more people fall into poverty or lose their employer sponsored coverage and become uninsured. At the same time, state revenues decline, affecting states' ability to balance their budgets and fund programs such as Medicaid. As a result, states must grapple with increasing pressures to limit program spending in Medicaid and manage the increase of newly eligible enrollees in the program.

In 2002, revenues plummeted, and Medicaid spending and enrollment growth peaked resulting in state budget pressures. Every state adopted measures to control provider payments and spending for prescription drugs. These actions had immediate effects on Medicaid spending. Often as a last resort, states also turned to Medicaid benefit and eligibility cuts as well as increased co-payment requirements in an effort to control costs. Most efforts to control Medicaid long-term care spending were focused on reductions for institutional care while states continued to expand community based long-term care options.

Federal fiscal relief legislation during the last economic downturn was successful in helping to avoid deeper Medicaid cuts and preserve eligibility. In 2003, Congress passed the Jobs and Growth Tax Relief Reconciliation Act that provided $20 billion in temporary federal fiscal relief to states, of which $10 billion came in the form of a uniform increase in the federal matching rate (FMAP) for Medicaid expenditures. To receive the increased FMAP, states were required to maintain existing eligibility levels; thus, helping states avoid deep cuts and preserve eligibility.

In recent years, many states have established nursing facility provider tax programs. Under this program, nursing facilities are assessed an amount (within federal limits and other regulatory requirements) which can be used by the state, along with federal matching funds, to provide Medicaid rate increases to providers. Prior to fiscal year (FY) 2004, only 20 states assessed provider taxes on nursing homes. In FY 2012, more than twice as many (43 states, plus the District of Columbia) implemented nursing home tax programs. Total tax collections exceed $5 billion. Overall, provider taxes on nursing homes generate more than $6.0 billion in matching federal funds. In states with such programs, these taxes are used to reimburse an average of $24 per patient day in allowable Medicaid nursing home costs.

In June 2012, the Medicaid provisions of the health care law were upheld but limited by the Supreme Court in a way that increased the possibility that not all states would choose to participate in the new version of Medicaid. Under the original health care law, the federal government would have covered all costs from the Medicaid expansion for the first three years, beginning in 2014. Afterward (between 2016 and 2020), the states would have to pay a share that would rise up to 10% of the new costs. According to the law, states that refused to participate would lose all of their existing Medicaid funds. However, the United States Supreme Court ruled in National Federation of

Independent Business v. Sebelius that states do not have to agree to this expansion in order to continue to receive previously established levels of Medicaid funding, and many states have chosen to continue with pre-Affordable Care Act funding levels and eligibility standards.

Nursing home providers in most states will have to continue to rely on Medicare, other payers, and other revenue sources to help bridge the gap between Medicaid rates and the cost of caring for residents. There is no predictability or stability in many states relative to Medicaid rate increases. The length and depth of this economic downturn, the outcome of pending federal regulations and the availability of federal fiscal relief will play a large role in determining how Medicaid programs and the individuals served by the program will fare during this downturn.

Medicare

Medicare reimbursement for nursing homes consists of two parts:

> **Medicare Part A:** Provides payment for post-hospital care in a Medicare certified nursing home. Medicare Part A may provide payment for post-hospital care in a nursing home for up to 100 days if Medicare coverage requirements (the 5 rules) are met. A resident is entitled to full coverage for the first 20 days. From the 21st day through the 100th day, Medicare pays for all covered services except a daily co-pay amount for which the resident is responsible. That means the resident has to pay the co-pay either with his or her own money or, if eligible, through Medicaid, or through private insurance (i.e. medi-gap policy). A nursing home resident will not be entitled to any Medicare Part A coverage unless he or she is admitted to a nursing home within 30 days following a 3-day hospital stay. Medicare certified nursing homes are reimbursed for providing nursing homes stays based upon the PPS.
>
> **Medicare Part B:** Seniors are required to enroll in Medicare Part B. Medicare Part B pays for doctor's services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary.

The Balanced Budget Act of 1997 (BBA) significantly changed the way nursing homes are reimbursed by Medicare. The changes mandated by the BBA set in motion the implementation of the PPS. The PPS was designed to keep Medicare solvent by cutting $112 billion of expenditures between 1998 and 2003. Most providers under the previous cost-based system had incentives to spend as much as possible on ancillary therapy. Thus, Medicare expenditures were spiraling out of control as providers had recognized very favorable returns on Medicare routine costs and ancillary treatments. Expenditures for physical and occupational therapy grew 18% between 1996 and 1997, from $6.7 billion to $ 7.9 billion. Significant amounts of medically unnecessary treatments were dispensed under the old system.

Under PPS, providers are reimbursed a predetermined fixed rate based on a patient's acuity level, rather than on actual dollar costs. The PPS is based on a case mix patient classification system called Resource Utilization Groups (RUGs) III. RUGs III uses 53 categories to classify patients according to the resources needed to provide their care. Classification is based on residents' clinical conditions; extent of services needed, such as rehabilitation, respirator/ventilator care, or tube feedings; and functional status, such as the amount of support needed to perform daily living activities.

HCFA phased in the Medicare PPS in four years starting in July 1998. Over the four years, facilities' Medicare payments were based increasingly on a national PPS rate, while decreasing the amount that was based on their maximum allowable costs. In the fourth year, the national PPS rate took over in all cases. The PPS combines routine, ancillary, and capital costs into an all-inclusive case mix-adjusted rate; this is called consolidated billing. Patients are assessed upon admission and placed into one of the RUG categories. Patients are reassessed during their stay, and their categories usually change. Each RUG category has a corresponding per diem rate of reimbursement.

Annual updates to the PPS rates are required by the Social Security Act, as amended by the Medicare, Medicaid, and State Child Health Insurance Program (SCHIP) Balanced Budget Refinement Act of 1999 (the BBRA), the Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act of 2000 (the BIPA), and the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the MMA), relating to Medicare payments and consolidated billing for SNFs. These are referred to as market basket increases.

Significant changes have been as follows:

Fiscal Year Beginning October 1, 2002

Implementation of the PPS system resulted in cuts far deeper than intended by Congress. Thus, in 1999 and 2000, Congress temporarily restored some of the funds. However, Congress did not extend the add-ons, resulting in funding for Medicare Part A being cut by about 17%. This was partially offset by the annual market basket increase. The significant decline in rates that occurred at this time has been referred to as the Medicare cliff and has been blamed for the rash of bankruptcies in the sector that occurred over the years that followed.

Fiscal Year Beginning October 1, 2005

On July 28, 2005, Centers for Medicare and Medicaid Services (CMS) announced an increase in Medicare rates for skilled nursing facilities by $20 million in 2006, an improvement over earlier forecasts that predicted no increase for long-term care providers. In the final rule, CMS introduced nine new payment categories to the current system, increasing the number of categories from 44 to 53. While these refinements triggered the elimination of temporary add-on payments as Congress directed in the BBRA, the final rule included other changes which served to at least partially balance

the loss of the temporary add-on payments. CMS increased the rates for all RUG groups to reflect variations in non-therapy ancillary costs not fully captured in the RUG refinements. This adjustment increased the case mix weight that applied to both nursing and non-therapy ancillary costs, and increased aggregate payments by about 3%. This was a permanent payment increase that was integrated into the base line spending levels.

The RUG refinements were implemented on January 1, 2006, which was the second quarter of 2006. Payments for the first quarter of the fiscal year (October 1, 2005 through December 31, 2005) reflected the continuation of the temporary add-on payments. Payments for the balance of the fiscal year reflected the new policy.

Fiscal Year Beginning October 1, 2010

CMS approved a 1.7% market basket increase to the federal rates over the FY 2010 rates. The increase was actually calculated at 2.3% but was automatically reduced by 0.6% to reflect overpayments that were made in FY 2009. This adjustment was calculated annually to correct for assumptions made in previous fiscal years. The net increase resulted in what was estimated at the time to be a $542 million increase in additional payments to skilled nursing facilities in FY 2011.

In addition, the conversion from RUG III to RUG IV was implemented effective October 1, 2010. As noted below, this had the unintended benefit of creating a sharp increase in average Medicare rates for many facilities.

Impact of Health Care Reform

In addition to the above, the U.S. Congress passed, and the president signed into law, the Patient Protection and Affordable Care Act (PPACA) in late March of 2010. The following were some of the more salient features included in the final health care reform bill, which were directly relevant to Medicare and skilled nursing facilities:

- Beginning in FY 2012 (October 1, 2011), a productivity adjustment to the SNF market basket was to be implemented, estimated to total $14.6 billion over 10 years.
- New transparency requirements for nursing facilities were mandated.
- An Independent Medicare Advisory Board (IMAB) was to be established, composed of 15 members appointed by the President and confirmed by the Senate, for the purpose of developing and submitting proposals to Congress targeted at extending the solvency of Medicare, slowing Medicare cost-growth, in improving the quality of care for Medicare recipients.
- Medicare Part D (Medicare advantage prescription drug plans) was to employ utilization management techniques when providing medications to beneficiaries in long-term care facilities to reduce waste associated from 30-day refills.

- The maximum period for submission of Medicare claims was to be reduced to no more than 12 months.
- Medicare Parts C and D, along with Medicaid, were to be included in the Recovery Audit Contractors (RACs) Program, which collected and identified underpayments and overpayments for Medicare Parts A and B.
- A Center for Medicare and Medicaid Innovation was to be established within the CMS. The purpose of which was to research, develop, test, and expand innovative payment and delivery arrangements to improve the quality and reduce the cost of care provided in each patient program.
- Accountable Care Organizations (ACOs) were to be established to take responsibility for the costs and quality of care received by their patient panel over time. ACOs that met quality-of-care targets and reduced the costs of their patients relative to a spending benchmark were to be rewarded with a share of the savings they achieved for the Medicare program.

The Supreme Court upheld the Affordable Care Act on June 28, 2012.

Budget Control Act

On August 2, 2011, President Obama signed into law the Budget Control Act, which increased the nation's debt ceiling. This law also created a condition that if Congress did not reach a bipartisan debt-reduction deal by January 1, 2013, it would automatically trigger a $1.2 trillion deficit reduction over 10 years that would impact several branches of the federal government. This budget sequestration (known as the "Fiscal Cliff") would result in a two percent across-the-board Medicare payment reduction. Effective January 2, 2013, the Administration and Congress agreed to the American Taxpayer Relief Act of 2012, which precluded the nation from going over the Fiscal Cliff. However, the two percent reduction was only suspended for two months and will be implemented if Congress and the President do not come to terms on a deal to increase the nation's debt ceiling by March 1, 2013. This did not occur, and the sequestration occurred on March 1, 2013.

In December 2013, Congress was able to achieve a bipartisan federal budget compromise, which the President signed on December 26, 2013. Under this compromise, the 2.0% reduction was extended until 2023.

Fiscal Year Beginning October 1, 2017

On July 31, 2017, CMS issued a final rule outlining Fiscal Year 2018 Medicare payment rates and quality programs for skilled nursing facilities. Policies in the final rule continued to build on the commitment to shift Medicare payments from volume to value, with continued implementation of the SNF Value-based Purchasing (VBP) program. The final rule also finalized an updated performance period for the National Healthcare Safety Network (NHSN) Healthcare Personnel (HCP) Influenza Vaccination Reporting Measure included in the End Stage Renal Disease (ESRD) Quality

Incentive Program (QIP) for Payment Year 2020. Based on changes contained within this final rule, CMS projected aggregate payments to SNFs will increase in FY 2018 by $370 million, or 1.0 percent, from payments in FY 2017. This estimated increase was attributable to a 1.0 percent market basket increase required by section 411(a) of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). In addition, under the SNF QRP, SNFs that fail to submit the required quality data to CMS will be subject to a 2% point reduction to the otherwise applicable annual market basket percentage update with respect to that fiscal year.

SNF Value-Based Purchasing Program (VBP)

The SNF VBP Program has adopted scoring and operational policies for its first year (FY 2019) and has specified measures and program features as required by statute. The SNF VBP Program's scoring and operational policies for its first year (FY 2019) include:

- The Program will include one readmission measure for each year
- The Secretary will reduce the adjusted Federal per diem rate applicable to each SNF in a fiscal year by 2 percent to fund the value-based incentive payments for that fiscal year
- The total amount of value-based incentive payments that can be made to SNFs' in a fiscal year will be 60 percent of the total amount withheld from SNFs' Medicare payments for that fiscal year, as estimated by the Secretary. The Program will pay SNFs ranked in the lowest 40 percent less than the amount they would otherwise be paid in the absence of the SNF VBP
- Both public and confidential facility performance reporting will be conducted

In addition to the logistic exchange function, the SNF VBP Program policies in the FY 2018 final rule include the following:

- Performance and baseline periods for the FY 2020 Program year
- Updated values for performance standards for FY 2020
- Additional details for the Review and Correction process for SNFs' performance information to be made public on Nursing Home Compare
- A revision to the previously adopted rounding policy for SNF performance scores

Fiscal Year Beginning October 1, 2018

In 2018, CMS proposed an increase to the FY 2019 rates of 2.4%, as mandated by the Bipartisan Budget Act of 2018. It was reported that without this legislation, the update would have been 1.9%. According to a report by Reed Smith, LLP, the update is reduced by 2% for nursing facilities that do not submit the required quality data under the new Quality Reporting Program, or QRP. No additional QRP measures are currently proposed, rather, the CMS is in favor of potentially removing some prior measures after a cost benefit analysis. As part of the announcements, the CMS is proposing a new rate structure for Medicare payments, based on resident needs rather than therapy

needs. In short, the proposed PDPM would identify and adjust the following five case-mix components to characterize a resident's care: Physical Therapy (PT), Occupational Therapy (OT), Speech-Language Pathology, Non-Therapy Ancillary (NTA), and Nursing. Within these components, the patient is assigned to one of 10 clinical categories based on their primary diagnosis (determined by ICD-10 codes recorded in MDS item I8000). CMS would apply variable per diem payment adjustments to account for changes in resource use over the course of a stay for the PT, OT, and NTA components. The sum of each of five components would be combined with the non-case-mix component to determine the full SNF PPS per diem rate for that resident. CMS implemented PDPM effective October 1, 2019, or FY 2020.

Conclusion

Based on influential overall market and submarket area trends, construction outlook, and the performance of competing properties, JLL expects the mix of property fundamentals and economic conditions in the seniors housing segment to have a negative impact on the subject property's performance in the near-term due to the economic uncertainties surrounding COVID-19. JLL expects the economic conditions to improve toward the end of 2020 with no long-term impact on the subject property.

The nursing care sector has been experiencing a slow decline in supply, while maintaining relatively stable occupancy levels. Demand has not increased at the same pace as the senior population due to the growth in other health care alternatives. Looking ahead, the oldest sectors of the nation's population will grow at a strong rate. This should lead to growth in demand for nursing homes, unless other health care alternatives evolve to capture the growing demand for care for the frail elderly. Medicare continues to be the most profitable form of payor. In fact, CMS acknowledges that it overpays for Medicare nursing, to help make up for the fact that Medicaid payments are generally below the actual cost of providing care to residents. Most skilled nursing operators are cautious and concerned about the long-term reimbursement given by state and federal budget deficits. However, these operators are beginning to become more proactive to reduce costs in a bundled care system. Health care reform is expected to impact the industry with increasing pressures on customer affordability and operator profitability.

Supply and Demand Analysis

In this section, we will analyze supply and demand conditions.

Subject's Target Market

The subject's target market group consists those residents with higher quality payor sources including Medicare and managed care, as well as those needing rehabilitation services.

Metro Market Supply and Demand Conditions

The NIC Map Database provides the following data for the New York, NY MSA, which includes Bergen, Monmouth, Ocean, Bronx, Kings, Nassau, New York, Queens, Suffolk and Westchester Counties.

PROPERTY INFORMATION

Property Types ->	Majority IL		Majority AL		Majority NC	
	Metro	Primary Markets	Metro	Primary Markets	Metro	Primary Markets
Stabilized Occupancy	93.6%	91.5%	92.6%	88.4%	92.3%	86.7%
Average Monthly/Daily Rent	$4,257	$3,438	$6,380	$5,194	$446	$342
Median Age	23	25	20	20	43	41
Reporting Need to Upgrade(%)	No Data	11.5%	No Data	9.9%	.8%	14.8%
Median Units/Beds Per Property	198	187	92	77	180	120
For Profit (%)	57.1%	64.1%	86.3%	90.8%	73.9%	81.0%
Property Count	63	1,432	248	3,592	518	4,101
Inventory	17,085	337,759	24,437	301,065	104,505	576,433
Independent Living Units	12,973	248,428	1,076	17,120	893	11,150
Assisted Living Units[1]	2,418	55,514	22,819	276,316	1,749	22,125
Nursing Care Beds	1,694	33,817	542	7,629	101,863	543,158
Penetration	1.9%	5.7%	2.8%	5.1%	11.8%	9.8%
Construction Units/Beds	1,280	20,767	2,036	22,048	431	3,084

METRO TRENDS

	Existing Inventory		Occupancy		Quarterly Supply and Demand		Under Construction Inventory		
Period	# Properties	# Units/Beds	All Properties	Stabilized	Absorption	Inventory Growth	# Properties	# Units/Beds	YoY Rent Growth[1]
4Q2019	518	104,505	92.3%	92.3%	159	-9	2	431	1.9%
3Q2019	518	104,514	92.1%	92.1%	-280	-105	2	431	2.0%
2Q2019	519	104,619	92.3%	92.3%	-192	-17	2	431	2.1%
1Q2019	519	104,636	92.4%	92.5%	138	-35	2	431	2.0%
4Q2018	519	104,671	92.3%	92.4%	279	-163	2	431	2.2%
3Q2018	519	104,834	91.9%	91.9%	-298	-40	4	551	2.2%
2Q2018	519	104,874	92.1%	92.2%	-271	-220	4	551	1.9%
1Q2018	520	105,094	92.2%	92.4%	147	-377	3	411	2.0%
2017	523	105,471	91.7%	92.0%	-904	-261	3	408	1.7%
2016	523	105,732	92.3%	92.6%	-791	-534	4	261	2.2%

SELECTED SUBMARKETS

SENIORS HOUSING

Submarket	Stabilized Occupancy	Occ. Annual Change (bps)	YoY Rent Growth	Inventory
Bergen	90.4%	43	1.6%	2,925
Monmouth	96.5%	146	2.8%	4,205
Ocean	92.5%	29	1.9%	3,372
Bronx	91.5%	-52	1.3%	767
Kings	92.7%	-35	2.9%	859
Nassau	90.6%	-97	1.4%	3,954
New York	94.6%	133	2.7%	984
Queens	93.8%	76	2.9%	1,182
Suffolk	92.9%	-96	1.3%	4,643
Westchester	94.8%	55	.6%	2,869

MAJORITY IL

Submarket	Stabilized Occupancy	YoY Rent Growth	Average Rent per Unit	Construction vs. Inventory	Inventory	Penetration	Yearly Absorption	Yearly Inventory Growth
Bergen	Protected	Protected	Protected	33.7%	526	1.1%	Protected	0
Monmouth	97.0%	3.4%	$3,283	0.0%	2,008	6.4%	27	-14
Ocean	92.5%	1.7%	$2,828	0.0%	2,350	4.8%	2	0
Bronx	Protected	Protected	Protected	0.0%	279	.6%	Protected	0
Kings	Protected	Protected	Protected	0.0%	40	.0%	Protected	0
Nassau	89.3%	-.9%	$6,313	0.0%	880	1.3%	89	196
New York	Protected	Protected	Protected	0.0%	360	.4%	Protected	0
Queens	Protected	Protected	Protected	0.0%	410	.4%	Protected	0
Suffolk	95.7%	1.7%	$5,146	38.0%	1,312	2.0%	15	-1
Westchester	93.8%	.4%	$6,381	7.4%	1,618	3.3%	-1	167

MAJORITY AL

Submarket	Stabilized Occupancy	YoY Rent Growth	AL Average Rent per Unit	MC Rent per Unit	Construction vs. Inventory	Inventory	Penetration	Yearly Absorption	Yearly Inventory Growth
Bergen	90.3%	2.0%	$7,038	$9,143	3.3%	2,399	4.9%	145	279
Monmouth	95.9%	2.1%	$6,908	$8,251	6.8%	2,197	7.0%	177	190
Ocean	92.7%	2.4%	$5,858	$8,066	7.0%	1,022	2.1%	-18	-28
Bronx	Protected	Protected	Protected	Protected	0.0%	488	1.1%	Protected	0
Kings	92.4%	3.0%	$5,153	Protected	33.6%	819	.8%	-169	-176
Nassau	90.9%	2.0%	$6,531	$8,409	2.9%	3,074	4.4%	35	76
New York	96.0%	2.3%	$6,680	Protected	58.7%	624	.7%	17	1
Queens	92.4%	2.3%	$5,580	Protected	0.0%	772	.8%	-3	-1
Suffolk	91.7%	1.1%	$6,508	$8,376	11.0%	3,331	5.1%	131	-2
Westchester	96.0%	.9%	$7,641	$9,883	25.7%	1,251	2.5%	22	-2

MAJORITY NC

Submarket	Stabilized Occupancy	YoY Rent Growth	Average Rent per Bed	Construction vs. Inventory	Inventory	Penetration	Yearly Absorption	Yearly Inventory Growth
Bergen	90.5%	.8%	$404	0.0%	4,852	10.0%	-14	0
Monmouth	88.3%	1.5%	$370	0.0%	3,647	11.5%	52	-3
Ocean	86.8%	1.8%	$359	0.0%	4,391	8.9%	-12	1
Bronx	96.7%	1.0%	$489	0.0%	12,056	25.9%	-9	-92
Kings	95.9%	1.7%	$497	2.8%	9,998	10.2%	83	-15
Nassau	92.9%	1.7%	$450	0.0%	6,955	9.9%	57	0
New York	94.6%	.2%	$589	0.0%	5,864	6.9%	49	10
Queens	94.5%	2.8%	$433	0.0%	11,947	12.9%	50	0
Suffolk	93.2%	1.6%	$496	0.0%	7,693	11.7%	-61	0
Westchester	92.6%	2.8%	$471	0.0%	6,759	13.6%	-119	-12

The data shows a stabilized occupancy of 92.3% for skilled nursing. In addition, for Westchester County (the subject's county), skilled nursing occupancy was 92.6%.

PMA Nursing Facility Supply Analysis

In the following table is a list of nursing facilities serving the subject's PMA. The supply and occupancy data is from medicare.gov and our own research. Occupancy data shown is for the date of the most recent state inspection, or the date of our inquiry, if recent state inspection data was not available.

Summary of Existing Skilled Nursing Supply in PMA

Name	Address	City	Telephone Number	Total Skilled Nursing Beds In Operation
EPIC Rehabilitation and Nursing	120 Church St	White Plains	914-350-9010	160
Schnurmacher Center for Rehab & Nursing	12 Tibbits Ave	White Plains	(914) 428-0910	200
White Plains Center for Nusring Care	220 W Post Rd	White Plains	(914) 686-8880	87
The Grove at Valhalla Rehabilitation and Nursing Center	61 Grasslands Rd	Valhalla	(914) 681-8400	160
Regal Care at Greenwich	1188 King St	Greenwich	(203) 531-8300	75
Tarrytown Hall Care Center	20 Wood Court	Tarrytown	(914) 631-2600	120
Totals				**1,059**

Star Ratings

The Centers for Medicare & Medicaid Services created a star rating system to rate nursing facilities allowing patients to create comparisons between properties. Each property is rated based on Health Inspections, Staffing, and Quality of Resident Care Measures, to develop an overall rating. A star score between 1 and 5 is assigned to each attribute. A property with a score of one star would be considered much below average in that category, while five stars would suggest that it is much above average. Various factors can affect each attribute.

The Health inspection attribute can be affected by the following but is not limited to these characteristics.

- Hiring enough staff to provide adequate care
- Medication management
- Food storage and preparation
- Staff/Patient interaction

The Staffing attribute can be affected by the following but is not limited to the ratio of the following employee type to patient day.

- Registered Nurse (RN)

- Licensed Practical Nurse (LPN) and Licensed Vocational Nurse (LVN)
- Certified Nursing Assistant (CNA)
- Physical Therapist (PT)

The Quality of Resident Care attribute can be affected by the following but is not limited to these characteristics.

- Percentage of residents who improved their mobility
- Percentage of residents hospitalized after staying at the facility
- Percentage of residents who had emergency department visits
- Percentage of residents who were successfully discharged

The following shows how the subject facility and other facilities in the PMA that have been rated by the Centers for Medicare & Medicaid Services.

Star Rating Summary of Existing Nursing Supply in PMA (Out of 5 Stars and 5 is tl

Name	Health Inspection	Staffing Rating	Quality Measures	Overall
Martine Center for Rehabilitation and Nursing	3	2	5	4
White Plains Center for Nursing Care	1	3	5	2
The Grove at Valhalla Rehabilitation and Nursing Center	3	2	5	4
The Knolls	1	5	5	2
Regal Care at Greenwich	1	4	3	2
Greenwich Woods Health Care Center	4	3	4	4

Pipeline Activity

We are unaware of any additional skilled nursing supply scheduled to come on-line within the subject's PMA within the next 36 months.

Primary Competition

The subject's primary competition is profiled on the next page.

Summary of Rental Comparables/Primary Competition

Item	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Identification -						
Name	EPIC Rehabilitation and Nursing	Martine Center for Nuring and	White Plains Center for Nursing Care	The Grove at Valhalla Rehabilitation and	Tarrytown Hall Care Center	Regal Care at Greenwich
Street Address	120 Church St	12 Tibbets Avenue	220 West Post Road	61 Grasslands Road	20 Wood Court	1188 King Street
Municipality	White Plains	White Plains	White Plains	Valhalla	Tarrytown	Greenwich
State	New York	New York	New York	New York	New York	Connecticut
Zip	10601	10608	10606	10595	10573	6831
Phone Number	914-350-9010	914-287-7200	914-686-8880	914-681-8400	914-631-2600	203-531-8300
Physical Description -						
Property Type	Nursing Center	Nursing Center	Nursing Center	Nursing Center	Nursing Center	Nursing Center
Year Built:	2019	1974	1996	1990	1973	1966
Stories	6	6	1	2	5	1
Construction Quality	Excellent	Good	Good	Good	Good	Good
Overall Condition	Excellent	Good	Good	Good	Good	Good
Nursing Beds	160	200	88	160	120	75
Occupancy	25.0%	100.0%	100.0%	96.0%	94.0%	97.3%
Nursing Payor Mix -						
Private Pay	7.5%	N/A	12.4%	8.1%	20.3%	2.5%
Ins/Managed Care	7.5%	N/A	12.4%	8.1%	20.3%	2.5%
Medicaid	55.0%	N/A	48.7%	57.9%	9.9%	77.1%
Medicare	30.0%	N/A	26.4%	25.9%	50.3%	18.0%
VA/Hospice	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Private Pay Nursing Rates						
Private Bed Per Day	$540.00	$1,200.00	$450.00	$550.00	$528.00	$500.00
Semi-Private Bed Per Day	$510.00	$600.00	$425.00	$500.00	$513.00	$485.00

Barriers to Entry

The subject is in a market with relatively high barriers to entry. These include:

- High cost of land
- Limited availability of vacant sites
- Difficulty in obtaining zoning approval
- Certificate of Need required

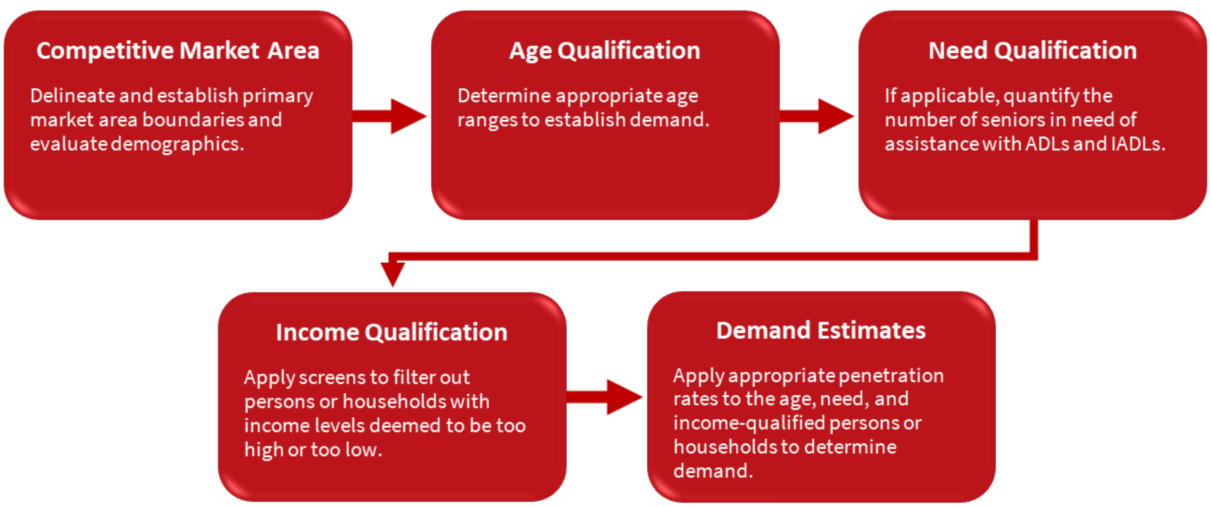
These barriers to entry will tend to limit future development.

Seniors Housing Demand Analysis

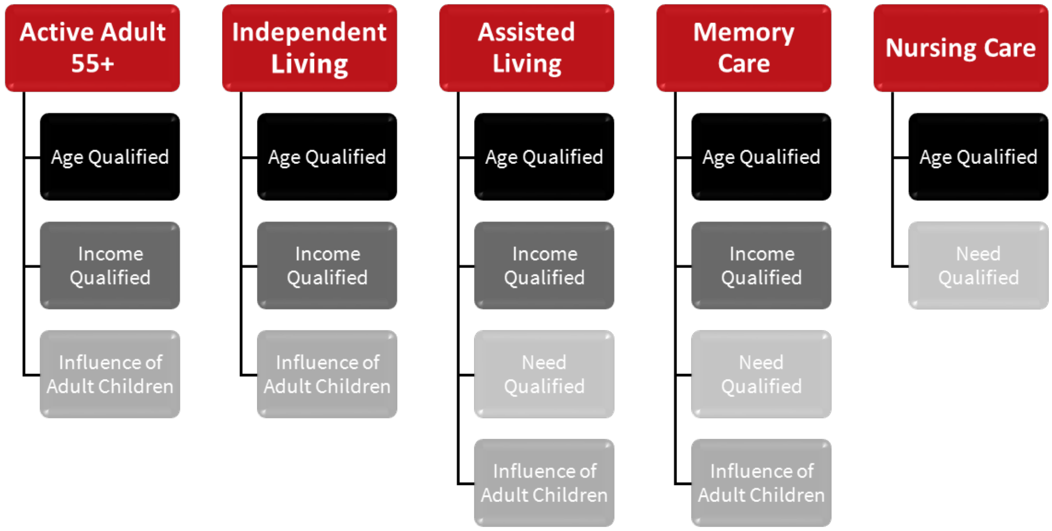
We will now analyze demand for seniors housing. Our analysis will show demand estimates for the current year, each year for the following four, and 10 years from the current year.

Demand Estimates

The following is our process for determining demand for the property's Primary Market Area (PMA).



The following criterion is to determine the appropriate targeted demographic by product/care type.



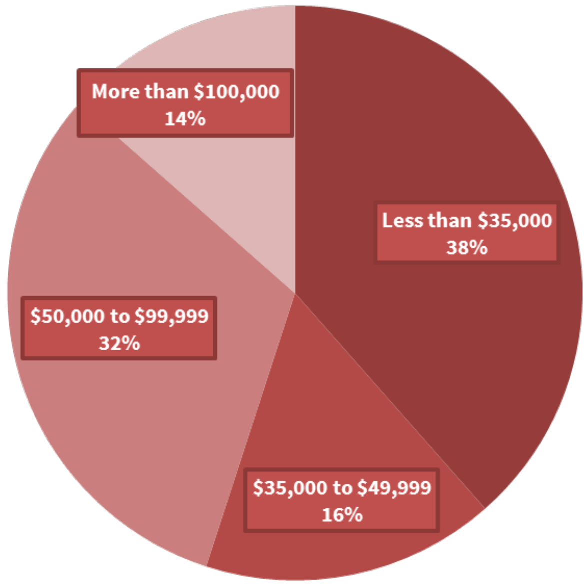
Target Demographic

Seniors housing communities typically have a minimum age requirement of 62, while the majority of residents are in excess of 75+ based on national research. For purposes of estimating demand in the PMA, we will use a qualifying minimum age of 75 for independent living, assisted living, and memory care. Note that specific to active adult 55+ apartments, a minimum age of 65 is typically used.

Seniors Housing

A number of operators consider $35,000 to be the minimum qualifying income, while others set the benchmark at $50,000 due to higher associated costs. ASHA's *The Independent Living Report*, notes the following income level distribution for seniors residing in independent living.

Income Level Distribution for Seniors



Although research has shown that many seniors with lesser income levels can afford to reside in seniors housing due to having income from other sources or assets to spend down, we will utilize a minimum income-qualifying figure of $35,000+ for purposes of this analysis.

Children and/or other relatives of seniors generally play a significant role in the placement of a senior in a seniors housing facility. Market areas where there are large concentrations of persons in the 45 to 64 age group can often support a significantly larger supply of seniors housing than would be indicated through analysis of seniors already residing in the area. This is because in-migration of seniors into markets with large adult child populations is common, as the elderly are often relocated to a facility near the home of their adult children or other relative.

These two demographic groups, age and income qualified households 75+ and adult children, will be utilized in the derivation of demand for independent living, assisted living, and memory care. Note that the two demographic groups will provide two separate indications of demand. We will then consider each one to derive our demand conclusion.

Skilled Nursing

Although the vast majority of persons entering skilled nursing care facilities, and other types of seniors housing, are age 80 and over, many of the residents are between the ages of 65 and 80. Therefore, the broadest potential target group for seniors housing is persons age 65 and over. The number of persons age 65+ is often considered in bed-need methodologies which are adopted by various state licensing agencies. The other key demographic cohort consists of households headed

by an individual age 75 and over. The vast majority of nursing care, and seniors housing residents as a whole, falls into the 75+ range.

These two demographic groups, (a) population 65+ and (b) households 75+, will be utilized in the derivation of demand for nursing care. We will consider each one to derive our demand conclusion.

Penetration Rates

Relevant definitions used in our analysis are as follows:

Market Penetration Rate

The number of beds or units of a specific type that should be supportable at market equilibrium within a given market area, divided by the quantity of persons or households of a specific type in the same market area. For example, if 100 beds of assisted living should be supported, and there are 1,000 persons age 65+ that reside in the PMA, the indicated market penetration rate is 10%.

Actual Penetration Rate

The number of beds or units currently occupied in a given market area, divided by the quantity of persons or households of a specific type in the same market area.

Project Penetration Rate

The number of beds or units of a specific type at a given property, divided by the quantity of persons or households of a specific type in the same market area.

In order to determine appropriate market penetration rates, we consulted national demand estimates and actual market penetration rates being realized. The market penetration rates utilized are based upon demand for public and private pay. The inclusion of public pay demand significantly impacts the nursing facility sector and has a lesser but still notable impact upon the other two sectors. It is important to note that in states where Medicaid waivers and/or other public pay alternatives are not available, these market penetration rates may not be realized.

Demand Estimates

The estimated number of persons or households for each of the targeted demographic groups for a number of time periods, and the indicated demand for each period based upon the applicable market penetration rates are shown in the following table(s).

Demand for Nursing

Persons Age 65+

Item	2020	2021	2022	2023	2024	2029
PMA Persons Age 65+	38,729	39,562	40,396	41,229	42,063	46,689
Achievable Penetration Rate	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Indicated Market Area Demand	1,859	1,899	1,939	1,979	2,019	2,241

Households Age 75+

Item	2020	2021	2022	2023	2024	2029
PMA HHs Age 75+	8,803	9,066	9,330	9,593	9,857	11,378
Achievable Penetration Rate	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%
Indicated Market Area Demand	1,387	1,429	1,470	1,512	1,554	1,793

Demand Conclusions

Item	2020	2021	2022	2023	2024	2029
Indicated Demand	1,623	1,664	1,705	1,745	1,786	2,017
Adjustment for Local Market Conditions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Concluded Demand	1,623	1,664	1,705	1,745	1,786	2,017

The demand indication for each targeted demographic group is independent of the other demand indication. In this case, our final demand conclusion is weighted 50% persons age 65+ and 50% to households age 75+. These two are the best indicators of demand for nursing, as nursing demand is dependent primarily upon the number of seniors in the market, not upon the adult-child sector or the income-qualified households. This is due to the fact that the frail senior is not as mobile and not as likely to move closer to a younger relative. Furthermore, income levels are less of a factor as the majority of nursing facility stays are funded by Medicaid, Medicare, or private insurance.

Comparison of Supply and Demand

The following table summarizes our conclusions of supply and demand for the nursing sector:

Comparison of Supply and Demand for Nursing

Item	2020	2021	2022	2023	2024	2029
Indicated Demand	1,623	1,664	1,705	1,745	1,786	2,017
Less Existing Supply	1,059	1,059	1,059	1,059	1,059	1,059
Existing Unmet Demand or Oversupply	564	605	646	686	727	958
Additions/Subtractions to Supply	0	0	0	N.A.	N.A.	N.A.
Unmet Demand After Additions	**564**	**605**	**646**	**686**	**727**	**958**

Our analysis shows that the PMA has an undersupply of nursing in the current year. This is supported by the higher occupancy levels of existing facilities in the PMA. No new supply is forecast to be added over the next three years, so market conditions should continually improve.

Subject's Forecasted Resident Day Occupancy

The subject's forecasted occupancy is shown below:

Payor Mix and Projected Resident Day Occupancy

	Year 1		Year 2		Year 3	
Payor Source	Days	%	Days	%	Days	%
Private Pay Nursing	3,105	7.2%	4,052	7.5%	4,073	7.5%
Ins./Managed Care Nursing	3,105	7.2%	4,052	7.5%	4,073	7.5%
Medicaid Nursing	25,915	60.5%	29,710	55.0%	29,058	53.5%
Medicare Nursing	10,708	25.0%	16,206	30.0%	17,109	31.5%
VA/Hospice Nursing	0	0.0%	0	0.0%	0	0.0%
Total	42,833	100.0%	54,020	100.0%	54,313	100.0%
Available (Operating) Beds	160		160		160	
Available Res. Days	58,400		58,400		58,400	
Occupancy Rate	73.3%		92.5%		93.0%	

Conclusion

Our analysis shows that the nursing facility market is undersupplied. This is supported by our occupancy survey. There is a CON requirement in the State of New York and this will affect the amount of new supply that can be added to the market. There are no known additions to supply under construction or planned at this time.

Highest and Best Use Analysis

Highest and best use is shaped and determined by forces within the market such as supply and demand. The four criteria used in evaluating the highest and best use of a property are:

- Legally permissible
- Physically possible
- Financially feasible
- Maximally productive

The four criteria are applied in sequential order. A property often will have numerous uses that are legally permissible, but the test of physical possibility may remove some options from consideration, fewer still may meet the test of financial feasibility, and only a single use is maximally productive.

Highest and Best Use of the Land as Though Vacant

The analysis of the highest and best use of the land as though vacant assumes that the property being appraised is vacant or can be made vacant by demolishing any improvements. This determination is crucial to determine the value of the site as though vacant and is also used in examining improvements and their conformance to the highest and best use of the site.

Legally Permissible

Private restrictions, zoning, building codes, historical district regulations, and environmental regulations must all be considered in determining the legally permissible uses of a site. Potential changes in these restrictions must also be addressed. The legally permissible uses were discussed in detail in the site analysis and zoning sections of this report.

The subject site's current zoning is PM-0.35 (Residential Multifamily District). Permitted uses include single-family dwelling, multifamily dwelling, church, school, parking lot. Seniors housing is a permitted use. There are no known zoning changes pending or contemplated.

Physically Possible

The physical characteristics of the subject site were discussed in detail in the site analysis section. The site is functional in size and shape and is serviced by standard municipal utilities. The site has good accessibility and good visibility. Overall functional utility is considered to be good. The site is suitable for a broad range of uses, including seniors housing.

Financially Feasible

An analysis of local market conditions provides an indication of the financial feasibility of a given use. The market analysis presented earlier in this report assessed the local market and indicated

that there is demand for the subject. Further, the income and expense analysis that follows reveals the subject is forecasted to produce a positive return, yielding a value well in excess of cost. Therefore, development of a seniors housing facility is a financially feasible use.

Maximally Productive

The final test of highest and best use of the site as though vacant is whether the use is maximally productive, yielding the highest land value. Analysis of physically possible, legally permissible, and financially feasible uses indicates that the maximally productive use of the site as though vacant is for development of a seniors housing facility. While there are potentially other feasible uses, this use is believed to provide the highest net return to the site.

Highest and Best Use of the Property as Improved

This analysis considers the subject as improved.

Legally Permissible

The current use is a legal use. Other legal uses of the improvements would be single-family dwelling, multifamily dwelling, church, school, parking lot.

Physically Possible

The physical characteristics of the subject improvements were discussed in detail in the Improvement Description and Analysis section of this report. Overall, the current layout and position of the improvements are considered functional. Since seniors housing facilities are specialized facilities, there are no other physically possible uses of the structure that would not require substantial reconstruction or demolition.

Financially Feasible

Operation of the subject as a seniors housing facility is a financially feasible use, yielding a positive value well in excess of the subject’s land value.

Maximally Productive

The maximally productive use of the subject as improved is for continued use as a seniors housing facility. The subject is valued based upon this use as a skilled nursing facility. The most likely potential purchaser is a REIT, investor, or seniors housing owner/operator.

Income Capitalization Approach

The income capitalization approach is based upon the premise that the present value of a property is based upon the present worth of future benefits. There are two primary methods that are normally utilized in developing the income capitalization approach – the yield capitalization method and the direct capitalization method. Development of the direct capitalization method is presented below.

The direct capitalization method is a method that converts an income estimate for a single year into an estimate of value through the application of a capitalization rate. An overall capitalization rate (R_O) is normally used. The R_O reflects the relationship between a single year's income and value. The most common way to estimate overall capitalization rates is via analysis of comparable sales. The direct capitalization method is developed in four basic steps:

- Analyze the market and contractual income of the subject.
- From available market data, estimate a proper allowance for vacancy and credit loss forecast to occur during the projected period of ownership.
- Estimate and project anticipated fixed and operating expenses to be incurred by the real estate.
- Select and apply an appropriate capitalization rate.

Below outlines significant thing

Income and Expense Analysis

The proforma provided was a summary format and included little detail in terms of specific expense line items by department and instead only included total expenses by department for payroll and other. The income and expenses provided to us are summarized in the following tables:

Forecasted Income and Expenses
Shown in Dollars and Per Resident Day

	Year 1		Year 2		Year 3	
Item	$	PRD	$	PRD	$	PRD
Income -						
Room & Board -						
Private Pay Nursing	$1,490,600	$480.06	$1,899,200	$468.71	$1,929,700	$473.78
Ins./Managed Care Nursing	$1,242,300	$400.10	$1,582,200	$390.47	$1,606,700	$394.48
Medicaid Nursing	$9,841,000	$379.74	$11,377,300	$382.95	$11,230,000	$386.47
Medicare Nursing	$7,431,300	$694.00	$11,409,000	$704.00	$12,283,700	$717.97
VA/Hospice Nursing	$0	$0.00	$0	$0.00	$0	$0.00
Total Room & Board	$20,005,200	$467.05	$26,267,700	$486.26	$27,050,100	$498.04
Therapy & Other -						
Therapy & Ancillary Income	$69,000	$1.61	$120,000	$2.22	$120,000	$2.21
Other Income	$1,200	$0.03	$1,200	$0.02	$1,200	$0.02
Total Therapy & Other Income	$70,200	$1.64	$121,200	$2.24	$121,200	$2.23
Income Summary -						
Total Room & Board Income	$20,005,200	$467.05	$26,267,700	$486.26	$27,050,100	$498.04
Total Therapy & Other Income	$70,200	$1.64	$121,200	$2.24	$121,200	$2.23
Prior Period Adjustments	$0	$0.00	$0	$0.00	$0	$0.00
Contractual Adjustments	$0	$0.00	$0	$0.00	$0	$0.00
Total Income	$20,075,400	$468.69	$26,388,900	$488.50	$27,171,300	$500.27
Expenses -						
Nursing	$5,091,206	$118.86	$7,280,800	$134.78	$7,400,800	$136.26
Dietary	$1,500,466	$35.03	$1,500,500	$27.78	$1,521,700	$28.02
Therapy and Ancillary	$1,654,992	$38.64	$2,334,400	$43.21	$2,349,800	$43.26
Admin & General	$1,004,855	$23.46	$1,084,000	$20.07	$1,095,400	$20.17
Housekeeping and Laundry	$1,121,213	$26.18	$1,121,200	$20.76	$1,134,000	$20.88
Activities and Recreation	$326,948	$7.63	$438,500	$8.12	$444,500	$8.18
Repairs and Maintenance	$886,015	$20.69	$949,600	$17.58	$954,200	$17.57
Utilities	$0	$0.00	$0	$0.00	$0	$0.00
Bad Debt	$0	$0.00	$0	$0.00	$0	$0.00
Real Estate Taxes	$0	$0.00	$0	$0.00	$0	$0.00
PL/GL Insurance	$0	$0.00	$0	$0.00	$0	$0.00
Workers Compensation	$0	$0.00	$0	$0.00	$0	$0.00
Other Insurance	$0	$0.00	$0	$0.00	$0	$0.00
Provider Bed Tax	$860,100	$20.08	$1,019,600	$18.87	$1,006,500	$18.53
Uncateg. Salary & Benefits	$0	$0.00	$0	$0.00	$0	$0.00
Management Fee	$987,920	$23.06	$1,300,515	$24.07	$1,335,245	$24.58
Reserves for Replacements	$64,000	$1.49	$64,000	$1.18	$64,000	$1.18
Total Expenses	$13,497,715	$315.12	$17,093,115	$316.42	$17,306,145	$318.64
Net Operating Inc.	$6,577,685	$153.57	$9,295,785	$172.08	$9,865,155	$181.64

Forecasted Income and Expenses
Shown in Dollars and % of Total Revenue

Item	Year 1 $	Year 1 %	Year 2 $	Year 2 %	Year 3 $	Year 3 %
Income -						
Room & Board -						
Private Pay Nursing	$1,490,600	7.43%	$1,899,200	7.20%	$1,929,700	7.10%
Ins./Managed Care Nursing	$1,242,300	6.19%	$1,582,200	6.00%	$1,606,700	5.91%
Medicaid Nursing	$9,841,000	49.02%	$11,377,300	43.11%	$11,230,000	41.33%
Medicare Nursing	$7,431,300	37.02%	$11,409,000	43.23%	$12,283,700	45.21%
VA/Hospice Nursing	$0	0.00%	$0	0.00%	$0	0.00%
Total Room & Board	$20,005,200	99.65%	$26,267,700	99.54%	$27,050,100	99.55%
Therapy & Other -						
Therapy & Ancillary Income	$69,000	0.34%	$120,000	0.45%	$120,000	0.44%
Other Income	$1,200	0.01%	$1,200	0.00%	$1,200	0.00%
Total Therapy & Other Income	$70,200	0.35%	$121,200	0.46%	$121,200	0.45%
Income Summary -						
Total Room & Board Income	$20,005,200	99.65%	$26,267,700	99.54%	$27,050,100	99.55%
Total Therapy & Other Income	$70,200	0.35%	$121,200	0.46%	$121,200	0.45%
Prior Period Adjustments	$0	0.00%	$0	0.00%	$0	0.00%
Contractual Adjustments	$0	0.00%	$0	0.00%	$0	0.00%
Total Income	$20,075,400	100.00%	$26,388,900	100.00%	$27,171,300	100.00%
Expenses -						
Nursing	$5,091,206	25.36%	$7,280,800	27.59%	$7,400,800	27.24%
Contract Nursing	$0	0.00%	$0	0.00%	$0	0.00%
Dietary	$1,500,466	7.47%	$1,500,500	5.69%	$1,521,700	5.60%
Therapy and Ancillary	$1,654,992	8.24%	$2,334,400	8.85%	$2,349,800	8.65%
Admin & General	$1,004,855	5.01%	$1,084,000	4.11%	$1,095,400	4.03%
Housekeeping and Laundry	$1,121,213	5.59%	$1,121,200	4.25%	$1,134,000	4.17%
Activities and Recreation	$326,948	1.63%	$438,500	1.66%	$444,500	1.64%
Repairs and Maintenance	$886,015	4.41%	$949,600	3.60%	$954,200	3.51%
Utilities	$0	0.00%	$0	0.00%	$0	0.00%
Bad Debt	$0	0.00%	$0	0.00%	$0	0.00%
Real Estate Taxes	$0	0.00%	$0	0.00%	$0	0.00%
PL/GL Insurance	$0	0.00%	$0	0.00%	$0	0.00%
Workers Compensation	$0	0.00%	$0	0.00%	$0	0.00%
Other Insurance	$0	0.00%	$0	0.00%	$0	0.00%
Provider Bed Tax	$860,100	4.28%	$1,019,600	3.86%	$1,006,500	3.70%
Uncateg. Salary & Benefits	$0	0.00%	$0	0.00%	$0	0.00%
Management Fee	$987,920	4.92%	$1,300,515	4.93%	$1,335,245	4.91%
Reserves for Replacements	$64,000	0.32%	$64,000	0.24%	$64,000	0.24%
Total Expenses	$13,497,715	67.24%	$17,093,115	64.77%	$17,306,145	63.69%
Net Operating Inc.	$6,577,685	32.76%	$9,295,785	35.23%	$9,865,155	36.31%

Important items relating to the financials are as follows:

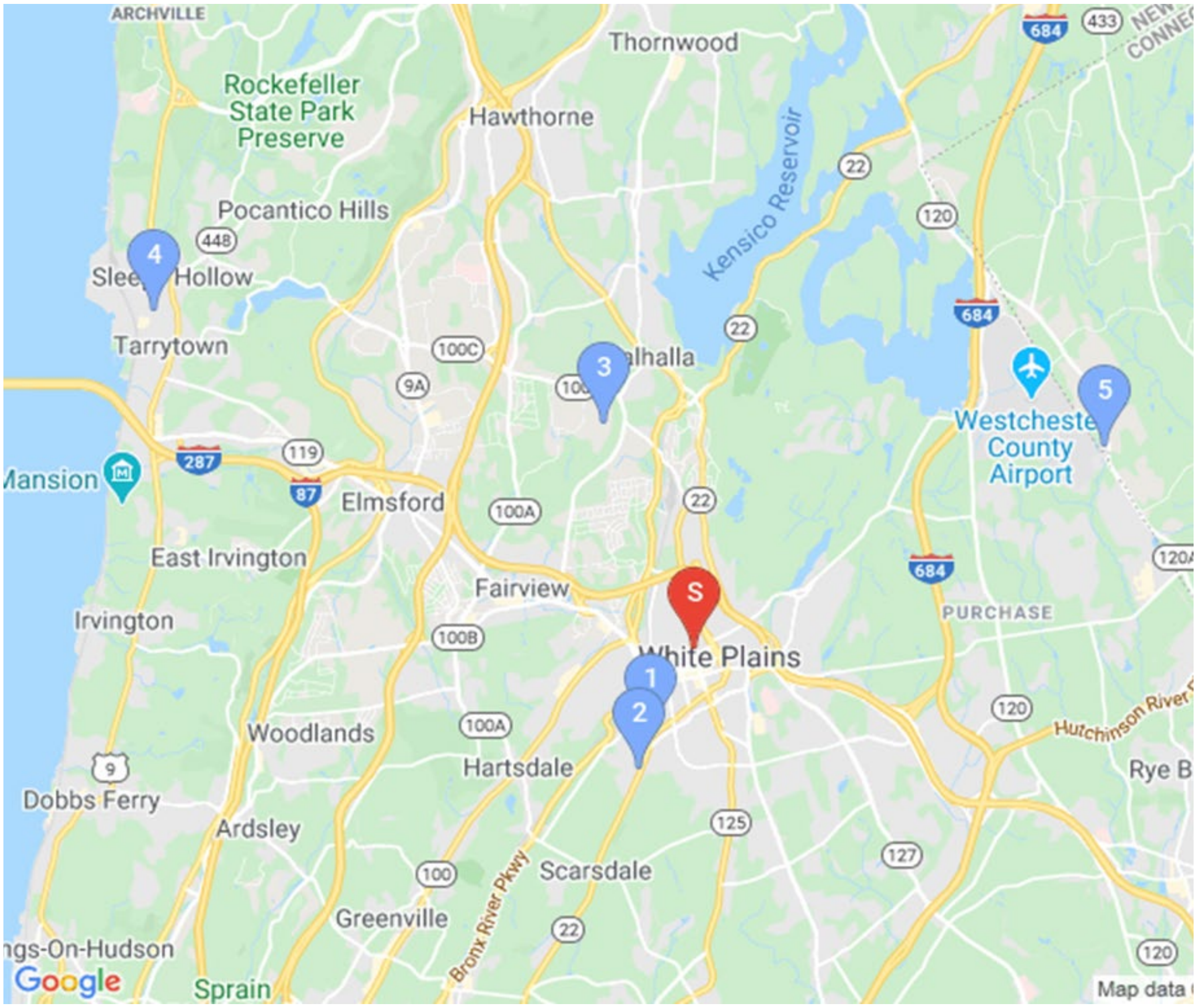
- In the table showing the per resident day (prd) figures, the figures for room and board on a per resident day (prd) basis are reflective only of the income and resident days for that payer source. For all other income and expense items, the calculation of the prd figure uses all resident days for all payer sources for that period;
- Any costs associated with mortgage financing, including principal and interest expenses and closing fees, have been excluded;
- Depreciation expenses have been excluded;
- As mentioned above, the proforma was consolidated and did not provide sufficient detail to break out expenses such as utilities, workers' compensation and provider bed tax;
- Contractual adjustments, if any, have been netted against income for the appropriate payer source.

Forecasted Rates

In order to project income, we will forecast a rate for each of the subject's bed types and payer sources.

Private Pay Rates

We will first analyze the subject's private pay rates. The following comparables have been researched to perform this analysis. The details for these comparables are referenced in the Addendum of this report.



No.	Name	City/State	Mi. From Subj.	Beds	Private Bed Per Day	Semi-Priv. Bed Per Day
1	Martine Center for Nuring and Rehabilitation	White Plains, NY	1.0	200	$1,200.00	######
2	White Plains Center for Nursing Care	White Plains, NY	1.0	88	$450.00	######
3	The Grove at Valhalla Rehabilitation and Nursing Center	Valhalla, NY	2.0	160	$550.00	######
4	Tarrytown Hall Care Center	Tarrytown, NY	6.0	120	$528.00	######
5	Regal Care at Greenwich	Greenwich, CT	4.0	75	$500.00	######
S	EPIC Rehabilitation and Nursing	White Plains, NY	--	160	$540.00	######

Summary of Rental Comparables/Primary Competition

Item	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Identification -						
Name	EPIC Rehabilitation and Nursing	Martine Center for Nuring and	White Plains Center for Nursing Care	The Grove at Valhalla Rehabilitation and	Tarrytown Hall Care Center	Regal Care at Greenwich
Street Address	120 Church St	12 Tibbets Avenue	220 West Post Road	61 Grasslands Road	20 Wood Court	1188 King Street
Municipality	White Plains	White Plains	White Plains	Valhalla	Tarrytown	Greenwich
State	New York	New York	New York	New York	New York	Connecticut
Zip	10601	10608	10606	10595	10573	6831
Phone Number	914-350-9010	914-287-7200	914-686-8880	914-681-8400	914-631-2600	203-531-8300
Physical Description -						
Property Type	Nursing Center	Nursing Center	Nursing Center	Nursing Center	Nursing Center	Nursing Center
Year Built:	2019	1974	1996	1990	1973	1966
Stories	6	6	1	2	5	1
Construction Quality	Excellent	Good	Good	Good	Good	Good
Overall Condition	Excellent	Good	Good	Good	Good	Good
Nursing Beds	160	200	88	160	120	75
Occupancy	25.0%	100.0%	100.0%	96.0%	94.0%	97.3%
Nursing Payor Mix -						
Private Pay	7.5%	N/A	12.4%	8.1%	20.3%	2.5%
Ins/Managed Care	7.5%	N/A	12.4%	8.1%	20.3%	2.5%
Medicaid	55.0%	N/A	48.7%	57.9%	9.9%	77.1%
Medicare	30.0%	N/A	26.4%	25.9%	50.3%	18.0%
VA/Hospice	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Private Pay Nursing Rates						
Private Bed Per Day	$540.00	$1,200.00	$450.00	$550.00	$528.00	$500.00
Semi-Private Bed Per Day	$510.00	$600.00	$425.00	$500.00	$513.00	$485.00

Adjustment for Concessions

Occasionally, properties may offer reduced rents on specific unit types, but concessions are not standardized or widespread. No adjustments are required.

Adjustment for Entrance Fees

None of the comparables charge significant upfront entrance fees of $10,000 or more, so no adjustments are required.

Adjustment for Location

The subject and the comparables are all located in similar areas. No adjustments are needed.

Adjustment for Age/Condition

The subject and the comparables are all of similar build and vintage. No adjustments are needed.

Adjustment for Quality

Comparable 1 has considerably superior quality and amenities when compared to the subject property. An adjustment downward by 15% is deemed reasonable.

Adjustment for Unit Size

In the adjustment grids, we are comparing units of similar size to each subject unit. In the seniors housing market, only large adjustments in size have a measurable impact upon rents. No adjustments are needed.

Adjustment for Unit Type

In the adjustment grids, we are comparing units of similar type to each subject unit. In the seniors housing market, only large differences in type have a measurable impact upon rents. No adjustments are needed.

Adjustment for Care

The subject and the comparables all provide all-inclusive care. No adjustments are needed.

Adjustment for Meals

The subject and the comparables all provide similar meal plans. No adjustments are needed.

Adjustment for Utilities

The subject and comparables have similar utility structures, requiring no adjustments.

Adjustment for Housekeeping

The comparables and subject all provide regular housekeeping in the base rates. No adjustments are needed.

Summary of Adjustments

Adjustment grids for each subject unit type follow. In the grids, each subject unit is compared to the most similar unit for each comparable.

Market Rent Analysis

			Nursing - Private			
Item	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Name	EPIC Rehabilitation and Nursing	Martine Center for Nuring and Rehabilitation	White Plains Center for Nursing Care	Valhalla Rehabilitation and Nursing Center	Tarrytown Hall Care Center	Regal Care at Greenwich
Unit/Bed Type	Nursing - Private	Nursing - Private	Nursing - Private	Nursing - Private	Nursing - Private	Nursing - Private
Rental Rate	$540.00	$1,200.00	$450.00	$550.00	$528.00	$500.00
Adjustment for Concessions	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Entrance Fee	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Location	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Age/Condition	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Quality/Amenities	$0.00	-$180.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Unit Size	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Unit Type	$0.00	-$15.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Care	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Meals	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Utilities	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Housekeeping	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjusted Rental Rate	$540.00	$1,005.00	$450.00	$550.00	$528.00	$500.00
Concluded Market Rate	**$540.00**					

The comparables' adjusted rental rates range between $450.00 and $1,005.00 per day, with a mean of $606.60 per day. Considering the adjusted rents, the current quoted rental rate of $540.00 per day appears reasonable. We will conclude to a market rate of $540.00 per day.

Market Rent Analysis

Nursing - Semi-Private						
Item	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Name	EPIC Rehabilitation and Nursing	Martine Center for Nuring and Rehabilitation	White Plains Center for Nursing Care	Valhalla Rehabilitation and Nursing Center	Tarrytown Hall Care Center	Regal Care at Greenwich
Unit/Bed Type	Nursing - Semi-Private	Nursing - Semi-Private	Nursing - Semi-Private	Nursing - Semi-Private	Nursing - Semi-Private	Nursing - Semi-Private
Rental Rate	$510.00	$600.00	$425.00	$500.00	$513.00	$485.00
Adjustment for Concessions	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Entrance Fee	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Location	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Age/Condition	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Quality/Amenities	$0.00	-$90.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Unit Size	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Unit Type	$0.00	-$15.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Care	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Meals	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Utilities	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjustment for Housekeeping	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Adjusted Rental Rate	$510.00	$495.00	$425.00	$500.00	$513.00	$485.00
Concluded Market Rate	**$510.00**					

The comparables' adjusted rental rates range between $425.00 and $513.00 per day, with a mean of $483.60 per day. Considering the adjusted rents, the current quoted rental rate of $510.00 per day appears reasonable. We will conclude to a market rate of $510.00 per day.

Forecast Private Pay Rates

Our concluded private pay market rental rates are as follows:

Market Rents

Unit/Bed Type	Rental Basis	Concluded Market Rent
Nursing - Private	Daily	$540.00
Nursing - Semi-Private	Daily	$510.00

We have also considered the subject's forecasted collected private pay income. This is a better measure of achievable private pay income going forward, as it is reflective of discounts, concessions, and mix between the various unit/bed types. The budgeted collections are shown below:

Private Pay Nursing

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Income in $	$1,490,600	$1,899,200	$1,929,700	$1,334,433	$321,687	$2,167,487	$409,157	$1,058,191	$1,953,278
Income PRD	$480.06	$468.71	$473.78	$429.91	$565.36	$391.74	$431.60	$454.65	$513.75
Income %	7.4%	7.2%	7.1%	5.4%	2.1%	11.8%	5.5%	6.2%	7.5%

The most weight is given to the quoted asking rents which appear to be reasonable and consistent with market. Based upon the previously concluded private pay rates and the data above, our concluded average private pay rate is $513.75 for the subject.

Insurance/Managed Care Rate

The subject has contracts in place with various insurance companies, managed care organizations, and other health care organizations. Rates for these are typically negotiated on an individual basis, and vary from contract to contract. Therefore, the budgeted average rate, as shown below, is given considerable weight in forecasting the appropriate rate for Insurance/Managed Care:

Ins./Managed Care Nursing

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Income in $	$1,242,300	$1,582,200	$1,606,700	$1,477,148	$1,555,421	$1,788,534	$25,260	$1,211,591	$1,716,275
Income PRD	$400.10	$390.47	$394.48	$426.43	$447.73	$449.49	$467.78	$447.86	$395.00
Income %	6.2%	6.0%	5.9%	6.0%	10.0%	9.8%	0.3%	6.5%	6.6%

We will forecast a rate of $395.00 per day. This is based upon the proforma estimates provided for the subject.

Medicaid Nursing Rate

Nursing facility reimbursements are based on the components as follows:

- Direct Care Staff: this cost component covers compensation for employee and contract labor, including nursing (RNs), directors and assistant directors of nursing, licensed vocational nurses, medication aides, and certified nurse's aides, performing nurse-related functions for Medicaid contracted beds.

- Other Recipient Care: this cost component includes medical supplies; social and activities wages, benefits, and supplies; laundry and housekeeping wages, benefits, and supplies; resident consultant and contracted services; and other non-medical ancillary expenses.
- Dietary: this cost component includes food, dietary equipment and supplies, food service, ancillary therapy supplements, and dietitian wages and benefits.
- General/Administrative: this cost component includes administrative, clerical, and maintenance salaries and benefits; management fees; insurance costs, excluding liability insurance; administrative supplies; advertising, travel and educational expenses; and central office expenses.
- Fixed Capital Asset: this cost component includes facility and building equipment expenses, lease/rental expenses, mortgage interest, leasehold improvement authorization, building equipment expenses, and land improvement depreciation.

The subject's budgeted revenue from Medicaid is as follows:

Medicaid Nursing

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Income in $	$9,841,000	$11,377,300	$11,230,000	$10,671,506	$10,085,842	$2,622,020	$5,775,613	$7,288,745	$10,889,539
Income PRD	$379.74	$382.95	$386.47	$334.12	$297.38	$207.54	$268.28	$276.83	$364.54
Income %	49.0%	43.1%	41.3%	43.0%	65.0%	14.3%	78.0%	50.1%	41.7%

In addition to the preceding, we have obtained and reviewed the subject's current Medicaid rate letter. This notes the subject to have a rate of $364.54 per day. We are not aware of any pending changes to the subject's Medicaid rate. Therefore, we will use the current rate in our forecast.

Medicare Nursing Rate

Medicare reimbursement for nursing facilities consists of two parts:

Medicare Part A: Provides payment for post-hospital care in a Medicare certified nursing facility. Medicare Part A may provide payment for post-hospital care in a nursing facility for up to 100 days if Medicare coverage requirements, or "the 5 rules", are met. A resident is entitled to full coverage for the first 20 days; from the 21st day through the 100th day, Medicare pays for all covered services except a daily co pay amount for which the resident is responsible. That means the resident has to pay the co pay either with his or her own money or, if eligible, through Medicaid or private insurance (i.e. medi-gap policy). A nursing facility resident will not be entitled to any Medicare Part A coverage unless he or she is admitted to a nursing facility within 30 days following a 3-day hospital stay. Medicare certified nursing facilities are reimbursed for providing nursing facilities stays based upon the Prospective Payment System (PPS).

Medicare Part B: Seniors are required to enroll in Medicare Part B. Medicare, which pays for doctors' services, outpatient hospital care, and some other medical services that Part A does

not cover, such as the services of physical and occupational therapists, and some home health care. Part B helps pay for these covered services and supplies when they are medically necessary.

The Balanced Budget Act of 1997 mandated the implementation of a per diem prospective payment system (PPS) for skilled nursing facilities which covers all routine, ancillary, and capital costs related to the services furnished to beneficiaries under Part A of the Medicare program. In essence, residents are assigned a rate based upon the amount of care required to care for them. Residents with higher care needs are assigned higher rates. Thus, the average Medicare rate for a facility will vary from period to period, as residents at different care levels are housed and cared for.

The rate classifications system used is Resource Utilization Groups IV (RUG IV). The RUG rates are set based upon data from resident assessments (MDS 2.0) and relative weights developed from staff time data. The labor portion of the rate is adjusted for geographic variation in wages.

Medicare rates are subject to change on a fiscal year basis. The fiscal year starts October 1.

Significant changes have been as follows:

<u>Fiscal Year Beginning October 1, 2002</u>

Implementation of the PPS system resulted in cuts far deeper than intended by Congress. Thus, in 1999 and 2000, Congress temporarily restored some of the funds. However, Congress did not extend the add-ons, resulting in funding for Medicare Part A being cut by about 17%. This was partially offset by the annual market basket increase. The significant decline in rates that occurred at this time has been referred to as the Medicare cliff and has been blamed for the rash of bankruptcies in the sector that occurred over the years that followed.

<u>Fiscal Year Beginning October 1, 2005</u>

On July 28, 2005 Centers for Medicare and Medicaid Services (CMS) announced an increase in Medicare rates for skilled nursing facilities by $20 million in 2006, an improvement over earlier forecasts that predicted no increase for long-term care providers. In the final rule, CMS introduced nine new payment categories to the current system, increasing the number of categories from 44 to 53. While these refinements triggered the elimination of temporary add-on payments as Congress directed in the BBRA, the final rule included other changes which served to at least partially balance the loss of the temporary add-on payments. CMS increased the rates for all RUG groups to reflect variations in non-therapy ancillary costs not fully captured in the RUG refinements. This adjustment increased the case mix weight that applied to both nursing and non-therapy ancillary costs, and increased aggregate payments by about 3%. This was a permanent payment increase that was integrated into the base line spending levels.

The RUG refinements were implemented on January 1, 2006, which was the second quarter of 2006. Payments for the first quarter of the fiscal year (October 1, 2005 through December 31, 2005)

reflected the continuation of the temporary add-on payments. Payments for the balance of the fiscal year reflected the new policy.

Fiscal Year Beginning October 1, 2010

CMS approved a 1.7% market basket increase to the federal rates over the FY 2010 rates. The increase was actually calculated at 2.3% but was automatically reduced by 0.6% to reflect overpayments that were made in FY 2009. This adjustment was calculated annually to correct for assumptions made in previous fiscal years. The net increase resulted in what was estimated at the time to be a $542 million increase in additional payments to skilled nursing facilities in FY 2011.

In addition, the conversion from RUG III to RUG IV was implemented effective October 1, 2010. As noted below, this had the unintended benefit of creating a sharp increase in average Medicare rates for many facilities.

Fiscal Year Beginning October 1, 2017

On July 31, 2017, CMS issued a final rule outlining Fiscal Year 2018 Medicare payment rates and quality programs for skilled nursing facilities. Policies in the final rule continued to build on the commitment to shift Medicare payments from volume to value, with continued implementation of the SNF Value-Based Purchasing (VBP) program. The final rule also finalized an updated performance period for the National Healthcare Safety Network (NHSN) Healthcare Personnel (HCP) Influenza Vaccination Reporting Measure included in the End Stage Renal Disease (ESRD) Quality Incentive Program (QIP) for Payment Year 2020. Based on changes contained within this final rule, CMS projected aggregate payments to SNFs will increase in FY 2018 by $370 million, or 1.0 percent, from payments in FY 2017. This estimated increase was attributable to a 1.0 percent market basket increase required by section 411(a) of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). In addition, under the SNF QRP, SNFs that fail to submit the required quality data to CMS will be subject to a 2% point reduction to the otherwise applicable annual market basket percentage update with respect to that fiscal year.

Fiscal Year Beginning October 1, 2018

In 2018, CMS proposed an increase to the FY 2019 rates of 2.4%, as mandated by the Bipartisan Budget Act of 2018. It was reported that without this legislation, the update would have been 1.9%. According to a report by Reed Smith, LLP, the update is reduced by 2% for nursing facilities that do not submit the required quality data under the new Quality Reporting Program, or QRP. No additional QRP measures are currently proposed, rather, the CMS is in favor of potentially removing some prior measures after a cost benefit analysis. As part of the announcements, the CMS is proposing a new rate structure for Medicare payments, based on resident needs rather than therapy needs. In short, the proposed Patient Driven Payment Model (PDPM) would identify and adjust the following five case-mix components to characterize a resident's care: Physical Therapy (PT),

Occupational Therapy (OT), Speech-Language Pathology, Non-Therapy Ancillary (NTA), and Nursing. Within these components, the patient is assigned to one of 10 clinical categories based on their primary diagnosis (determined by ICD-10 codes recorded in MDS item I8000). CMS would apply variable per diem payment adjustments to account for changes in resource use over the course of a stay for the PT, OT, and NTA components. The sum of each of five components would be combined with the non-case-mix component to determine the full SNF PPS per diem rate for that resident. CMS implemented the PDPM effective October 1, 2019, or FY 2020.

Budget Control Act of 2011

On August 2, 2011, President Obama signed into law the Budget Control Act, which increased the nation's debt ceiling. This law also created a condition that if Congress did not reach a bipartisan debt-reduction deal by January 1, 2013, it would automatically trigger a $1.2 trillion deficit reduction over 10 years that would impact several branches of the federal government. This budget sequestration (known as the "Fiscal Cliff") would result in a two percent across-the-board Medicare payment reduction. Effective January 2, 2013, the Administration and Congress agreed to the American Taxpayer Relief Act of 2012, which precluded the nation from going over the Fiscal Cliff. However, the two percent reduction was only suspended for two months and will be implemented if Congress and the President do not come to terms on a deal to increase the nation's debt ceiling by March 1, 2013. This did not occur, and the sequestration occurred on March 1, 2013.

In December 2013, Congress was able to achieve a bipartisan federal budget compromise, which the President signed on December 26, 2013. Under this compromise, the 2.0% reduction was extended until 2023. The Budget Control Act (BCA) of 2011 imposed caps on discretionary programs that will reduce their funding by more than $1 trillion over the ten years from 2012 through 2021, relative to the Congressional Budget Office (CBO) baseline from 2010. Medicare payments to providers and health insurance plans will continue to be cut by 2.0%; in other words, for the entire nine-year period 2013-2023, providers and plans will be paid 98 cents on the dollar.

Value-Based Purchasing (VBP)

The skilled nursing facility Value-Based Purchasing (VBP) Program took effect on October 1, 2018 and affects reimbursement payments beginning October 1, 2019. The program rewards skilled nursing facilities with incentive payments based on the quality of care they provide to Medicare beneficiaries as measured by hospital readmissions. This form of payment holds health care providers accountable for both the cost and quality of care they provide. It attempts to reduce inappropriate care and to identify and reward the best-performing providers. In May 2019, CMS released the first VBP multipliers for all skilled nursing facilities receiving Medicare Part A reimbursements.

Patient Driven Payment Model (PDPM)

The main aspects of the PDPM model are as follows:

- Overhauls Medicare Part A only
- Categorizes and reimburses based upon patient characteristics versus therapy minutes
- Budget neutral in aggregate as $500 million reimbursement cut to rehabilitation is added to nursing care; however, this is for CMS only, and not for individual providers
- Targets overutilization of therapy services
- Final rule published on July 31, 2018 and was implemented on October 1, 2019

It is the consensus in the industry that most skilled nursing providers are confident that impacts can be mitigated. While there will ultimately potentially be some winners and losers through the new PDPM system from a revenue perspective, there are ways that operators can mitigate any negative net operating income impact. Prudent operators have been performing training and implementing systems to make operational behavioral and resident case mix changes to accommodate to PDPM. For facilities that might experience a reduction in Medicare revenue, these operators have the opportunity to offset the reduced revenue through a reduction of therapy expenses because now operators will be able to provide more treatment to more patients through group and concurrent modes of treatment.

Given PDPM is expected to be budget neutral and consensus is that PDPM impacts can be mitigated, we are not forecasting a change to the Medicare revenue. While there is potential for the Medicare revenue to be impacted, this impact would likely be offset through a reduction in operating expenses. Consideration is also given to the overall capitalization rate. Given the subject is a newly constructed property, historical data was not available to forecast Medicare revenue. The operator's proforma is forecasting an average daily rate of $694.00 , $704.00 , and $717.97 for Years 1, 2, and 3. This is supported by the comparables with a range of $497.19 to $748.69 per day and an average of $585.07 per day.

The Budget Control Act (BCA) of 2011 imposed caps on discretionary programs that will reduce their funding by more than $1 trillion over the ten years from 2012 through 2021, relative to the Congressional Budget Office (CBO) baseline from 2010. Medicare payments to providers and health insurance plans will continue to be cut by 2.0%; in other words, for the entire nine-year period 2013-2023, providers and plans will be paid 98 cents on the dollar.

Given this, we forecasted a Medicare rate for the subject of $700.00 per resident day for our pro forma. Considering the subject property is the newest in the market and is superior to the existing supply, they are able to provide services to cater to a high short-term Medicare residents. Additionally, the subject will have a strong relationship with the nearby White Plains Hospital and has the capabilities to achieve the forecast Medicare census mix. This is for Medicare Part A only - Medicare Part B is forecast separately.

The subject's budgeted and forecasted Medicare income, census and average rate is as follows:

Medicare Nursing

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Income in $	$7,431,300	$11,409,000	$12,283,700	$9,335,334	$3,169,366	$11,346,391	$732,515	$6,145,902	$11,405,800
Income PRD	$694.00	$704.00	$717.97	$750.49	$502.04	$707.38	$501.72	$615.41	$700.00
Income %	37.0%	43.2%	45.2%	37.6%	20.4%	62.0%	9.9%	32.5%	43.7%

VA/Hospice Nursing Rate

The subject is forecasting no revenue from VA/ Hospice and therefore this analysis estimates no income to this payor source.

Therapy, Ancillary, and Other Income

The subject is forecasting to generate income from therapies, including Medicare Part B, and ancillary services. Historical and forecasted income is as follows:

Therapy & Ancillary Income

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Income in $	$69,000	$120,000	$120,000	$740,197	$390,114	$378,085	$251,684	$440,020	$119,489
Income PRD	$1.61	$2.22	$2.21	$13.34	$8.81	$9.90	$10.15	$10.55	$2.20
Income %	0.3%	0.5%	0.4%	3.0%	2.5%	2.1%	3.4%	2.7%	0.5%

Other Income

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Income in $	$1,200	$1,200	$1,200	$917	$0	$0	$0	$229	$0
Income PRD	$0.03	$0.02	$0.02	$0.02	$0.00	$0.00	$0.00	$0.00	$0.00
Income %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

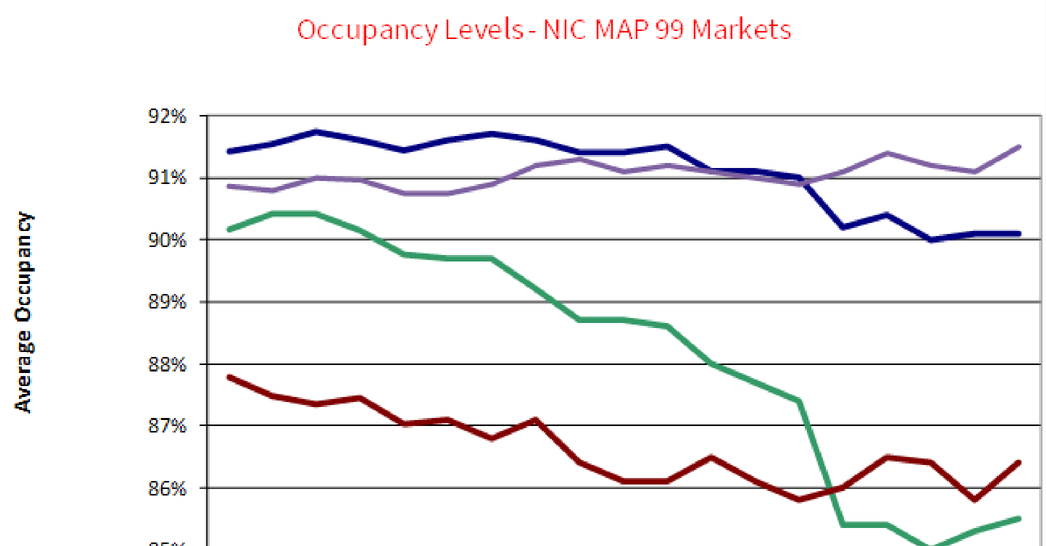
Prior Period and Contractual Adjustments

Contractual adjustments, if any, have been netted against income for the appropriate payer source. Prior period adjustments are generally accounting adjustments and are not typically forecast in budgets or pro forma. We will forecast no prior period adjustments in our pro forma.

Projected Census and Occupancy for the Subject

National Occupancy Data

NIC MAP reports the following occupancy levels for the recent past in 99 primary and secondary markets. These are indicative of national trends.



	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019
Majority Independent Living	91.4%	91.5%	91.7%	91.6%	91.4%	91.6%	91.7%	91.6%	91.4%	91.4%	91.5%	91.1%	91.1%	91.0%	90.2%	90.4%	90.0%	90.1%	90.1%
Majority Assisted Living	90.2%	90.4%	90.4%	90.1%	89.8%	89.7%	89.7%	89.2%	88.7%	88.7%	88.6%	88.0%	87.7%	87.4%	85.4%	85.4%	85.0%	85.3%	85.5%
Majority Nursing	87.8%	87.5%	87.3%	87.4%	87.0%	87.1%	86.8%	87.1%	86.4%	86.1%	86.1%	86.5%	86.1%	85.8%	86.0%	86.5%	86.4%	85.8%	86.4%
CCRC	90.9%	90.8%	91.0%	91.0%	90.7%	90.7%	90.9%	91.2%	91.3%	91.1%	91.2%	91.1%	91.0%	90.9%	91.1%	91.4%	91.2%	91.1%	91.5%

Quarter

Proforma Data

The operator's forecast of occupancy has been as follows:

Payor Mix and Projected Resident Day Occupancy

	Year 1		Year 2		Year 3	
Payor Source	Days	%	Days	%	Days	%
Private Pay Nursing	3,105	7.2%	4,052	7.5%	4,073	7.5%
Ins./Managed Care Nursing	3,105	7.2%	4,052	7.5%	4,073	7.5%
Medicaid Nursing	25,915	60.5%	29,710	55.0%	29,058	53.5%
Medicare Nursing	10,708	25.0%	16,206	30.0%	17,109	31.5%
VA/Hospice Nursing	0	0.0%	0	0.0%	0	0.0%
Total	42,833	100.0%	54,020	100.0%	54,313	100.0%
Available (Operating) Beds	160		160		160	
Available Res. Days	58,400		58,400		58,400	
Occupancy Rate	73.3%		92.5%		93.0%	

The most recent census reported by management indicated the census was 40, equating to occupancy of 25.0% (based upon 160 operating beds). As of the most recent census report provided, the current mix is 22.38% Medicaid, 67% Medicare, 4.5% Private Pay, and the remaining insurance/ managed care. This supports the projections for a high Medicare census as the subject is already occupied by a majority Medicare residents.

Market Occupancy

Our survey of the most competitive properties revealed the following occupancy levels.

Occupancy for Primary Competition

Comp	Name	Occupancy
1	Martine Center for Nuring and Rehabilitation	100.0%
2	White Plains Center for Nursing Care	100.0%
3	The Grove at Valhalla Rehabilitation and	96.0%
4	Tarrytown Hall Care Center	94.0%
5	Regal Care at Greenwich	97.3%

Occupancy Conclusion

However, there is current uncertainty on the likelihood if the subject could stabilized by April 3, 2022 given the current situation with COVID-19 and its affects specifically on the seniors housing industry. Given the current situation and difficulties it causes, we have prolonged the expected lease up to stabilization slightly. Considering the subject's forecasted occupancy levels, the occupancy levels of the competing properties in the market, and the subject's overall market appeal, occupancy is forecast at 93.0%. The stabilized occupancy forecast is based upon anticipated physical occupancy. In addition, we will deduct a bad debt expense to account for collection losses.

Payor Mix

In terms of payor mix, the subject's forecasted mix is as follows:

Payor Mix

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Private Pay Nursing	7.2%	7.5%	7.5%	5.6%	1.3%	14.5%	3.8%	6.3%	7.0%
Ins./Managed Care Nursing	7.2%	7.5%	7.5%	6.2%	7.8%	10.4%	0.2%	6.2%	8.0%
Medicaid Nursing	60.5%	55.0%	53.5%	57.6%	76.6%	33.1%	86.8%	63.5%	55.0%
Medicare Nursing	25.0%	30.0%	31.5%	22.4%	14.3%	42.0%	5.9%	21.1%	30.0%
VA/Hospice Nursing	0.0%	0.0%	0.0%	8.2%	0.0%	0.0%	3.3%	2.9%	0.0%

Given no current operating data was available at the time of the appraisal, this analysis places weight on the forecast census mix which is supported by the market extracted data.

Effective Gross Income

Using the concluded rates, occupancy, and payor mix, total effective gross income for the subject is as follows:

Pro Forma Effective Gross Income

Payor Type	%	Gross Potential Resident Days for Payor (Rounded)	Net Resident Days for Payor (Rounded)	Daily Rate	Annual Gross Potential Income	Annual Effective Gross Income
Private Pay Nursing	7.0%	4,088	3,802	$513.75	$2,100,210	$1,953,278
Ins./Managed Care Nursing	8.0%	4,672	4,345	$395.00	$1,845,440	$1,716,275
Medicaid Nursing	55.0%	32,120	29,872	$364.54	$11,709,025	$10,889,539
Medicare Nursing	30.0%	17,520	16,294	$700.00	$12,264,000	$11,405,800
VA/Hospice Nursing	0.0%	0	0	$0.00	$0	$0
Totals	100.0%	58,400	54,313		$27,918,675	$25,964,891
Therapy & Ancillary Income			54,313	$2.20		$119,489
Other Income			54,313	$0.00		$0
Prior Period Adjustments			54,313	$0.00		$0
Contractual Adjustments			54,313	$0.00		$0
Total Effective Gross Income						**$26,084,380**

Our estimate is compared to the subject's forecasted results below:

Total Effective Gross Income

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Income in $	$20,075,400	$26,388,900	$27,171,300	$24,805,247	$15,522,430	$18,302,518	$7,407,264	$16,509,364	$26,084,380
Income PRD	$468.69	$488.50	$500.27	$447.18	$350.62	$479.30	$298.61	$393.92	$480.26
Income %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

We have reconciled to an EGI that is considered reasonable against the provided proforma. It is recognized that the proforma financials for Years 2 and 3 are in inflated future dollars while the As Is indication is determined based on current dollars.

Operating Expenses

We will now forecast operating expenses for the subject on a stabilized basis. Labor and supply costs are expected to increase in the short-term due to the COVID-19 situation. We have discussed these increased costs with the operator which are considered to be atypical and have reconciled in line with the expense comparables and the proforma provided.

Income and Expense Comparables

In forecasting income and expenses, we will rely upon the subject's figures. We will also rely upon expense data derived from four Income and Expense Comparables. The expense data has been trended to the current year at an annual rate of 3.00% per year. The expense comparables are profiled as follows (with trended financial data shown):

Income and Expense Comparables

Item	Comparable Number 1	Comparable Number 2	Comparable Number 3	Comparable Number 4
City	Valhalla	Hurricance	Holmdel	Kingston
State	New York	West Virginia	New Jersey	West Virginia
Operating Beds	160	124	130	69
Potential Res. Days	58,400	45,260	47,450	25,185
Actual Res. Days	55,471	44,272	38,186	24,806
Occupancy %	95.0%	97.8%	80.5%	98.5%
Payor Mix%				
Private Pay Nursing	5.6%	1.3%	14.5%	3.8%
Ins./Managed Care Nursing	6.2%	7.8%	10.4%	0.2%
Medicaid Nursing	57.6%	76.6%	33.1%	86.8%
Medicare Nursing	22.4%	14.3%	42.0%	5.9%
VA/Hospice Nursing	8.2%	0.0%	0.0%	3.3%

ITEM	$	PRD	%	$	PRD	%	$	PRD	%	$	PRD	%
Income -												
Room & Board -												
Private Pay Nursing	$1,334,433	$429.91	5.4%	$321,687	$565.36	2.1%	$2,167,487	$391.74	11.8%	$409,157	$431.60	5.5%
Ins./Managed Care Nursing	$1,477,148	$426.43	6.0%	$1,555,421	$447.73	10.0%	$1,788,534	$449.49	9.8%	$25,260	$467.78	0.3%
Medicaid Nursing	$10,671,506	$334.12	43.0%	$10,085,842	$297.38	65.0%	$2,622,020	$207.54	14.3%	$5,775,613	$268.28	78.0%
Medicare Nursing	$9,335,334	$750.49	37.6%	$3,169,366	$502.04	20.4%	$11,346,391	$707.38	62.0%	$732,515	$501.72	9.9%
VA/Hospice Nursing	$1,245,712	$275.30	5.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$213,034	$261.07	2.9%
Total Room & Board	$24,064,134	$433.81	97.0%	$15,132,316	$341.80	97.5%	$17,924,433	$469.40	97.9%	$7,155,580	$288.46	96.6%
Therapy & Other -												
Therapy & Ancillary Income	$740,197	$13.34	3.0%	$390,114	$8.81	2.5%	$378,085	$9.90	2.1%	$251,684	$10.15	3.4%
Other Income	$917	$0.02	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%
Total Therapy & Other Income	$741,113	$13.36	3.0%	$390,114	$8.81	2.5%	$378,085	$9.90	2.1%	$251,684	$10.15	3.4%
Income Summary -												
Total Room & Board Income	$24,064,134	$433.81	97.0%	$15,132,316	$341.80	97.5%	$17,924,433	$469.40	97.9%	$7,155,580	$288.46	96.6%
Total Therapy & Other Income	$741,113	$13.36	3.0%	$390,114	$8.81	2.5%	$378,085	$9.90	2.1%	$251,684	$10.15	3.4%
Prior Period Adjustments	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%
Contractual Adjustments	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%
Total Income	$24,805,247	$447.18	100.0%	$15,522,430	$350.62	100.0%	$18,302,518	$479.30	100.0%	$7,407,264	$298.61	100.0%
Expenses -												
Nursing	$6,571,107	$118.46	26.5%	$3,439,143	$77.68	22.2%	$4,319,167	$113.11	23.6%	$1,858,619	$74.93	25.1%
Contract Nursing	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%
Dietary	$1,630,177	$29.39	6.6%	$720,578	$16.28	4.6%	$857,874	$22.47	4.7%	$387,838	$15.63	5.2%
Therapy and Ancillary	$2,357,049	$42.49	9.5%	$1,525,860	$34.47	9.8%	$3,389,106	$88.75	18.5%	$545,509	$21.99	7.4%
Admin & General	$1,484,572	$26.76	6.0%	$431,047	$9.74	2.8%	$1,151,176	$30.15	6.3%	$365,528	$14.74	4.9%
Housekeeping and Laundry	$1,007,076	$18.15	4.1%	$432,405	$9.77	2.8%	$436,324	$11.43	2.4%	$246,709	$9.95	3.3%
Activities and Recreation	$195,874	$3.53	0.8%	$360,512	$8.14	2.3%	$338,630	$8.87	1.9%	$159,216	$6.42	2.1%
Repairs and Maintenance	$310,473	$5.60	1.3%	$282,283	$6.38	1.8%	$267,414	$7.00	1.5%	$95,120	$3.83	1.3%
Utilities	$564,328	$10.17	2.3%	$203,975	$4.61	1.3%	$177,278	$4.64	1.0%	$81,581	$3.29	1.1%
Bad Debt	$0	$0.00	0.0%	$229,725	$5.19	1.5%	$274,381	$7.19	1.5%	$36,622	$1.48	0.5%
Real Estate Taxes	$768,408	$13.85	3.1%	$53,162	$1.20	0.3%	$147,652	$3.87	0.8%	$22,980	$0.93	0.3%
PL/GL Insurance	$156,711	$2.83	0.6%	$559,668	$12.64	3.6%	$257,931	$6.75	1.4%	$293,560	$11.83	4.0%
Workers Compensation	$0	$0.00	0.0%	$88,255	$1.99	0.6%	$0	$0.00	0.0%	$77,698	$3.13	1.0%
Other Insurance	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%
Provider Bed Tax	$830,439	$14.97	3.3%	$693,627	$15.67	4.5%	$266,000	$6.97	1.5%	$332,316	$13.40	4.5%
Uncateg. Salary & Benefits	$2,974,497	$53.62	12.0%	$506,995	$11.45	3.3%	$1,548,211	$40.54	8.5%	$274,174	$11.05	3.7%
Management Fee	$899,029	$16.21	3.6%	$678,526	$15.33	4.4%	$732,101	$19.17	4.0%	$330,361	$13.32	4.5%
Reserves for Replacements	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%
Total Expenses	**$19,749,740**	$356.04	79.6%	**$10,205,761**	$230.52	65.7%	**$14,163,245**	$370.90	77.4%	**$5,107,831**	$205.91	69.0%

Nursing Expense

This expense includes nursing labor, payroll taxes, benefits, and other costs associated with the nursing and care staff. The subject's expense relative to the comparables, expressed on a per resident day basis, is as follows:

Nursing

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Expense in $	$5,091,206	$7,280,800	$7,400,800	$6,571,107	$3,439,143	$4,319,167	$1,858,619	$4,047,009	$7,169,316
Expense PRD	$118.86	$134.78	$136.26	$118.46	$77.68	$113.11	$74.93	$96.04	$132.00
Expense %	25.4%	27.6%	27.2%	26.5%	22.2%	23.6%	25.1%	24.3%	27.5%

Our forecast is $132.00 per resident day, based upon the provided proforma and expense comparables. Our forecast falls within the range of the comparables on a per diem and percent of income basis, and is well supported by the comparables.

Contract Nursing

The subject has not forecast a Contract Nursing expense in the proforma provided, so none is forecast.

Dietary

Dietary expenses include wages and benefits for the food preparation and serving staff, wages and benefits for dishwashers, raw food, and supplies such as utensils and napkins. These expenses are highly variable, and are best analyzed on a per resident day basis.

Dietary

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Expense in $	$1,500,466	$1,500,500	$1,521,700	$1,630,177	$720,578	$857,874	$387,838	$899,117	$1,493,608
Expense PRD	$35.03	$27.78	$28.02	$29.39	$16.28	$22.47	$15.63	$20.94	$27.50
Expense %	7.5%	5.7%	5.6%	6.6%	4.6%	4.7%	5.2%	5.3%	5.7%

Our total forecasted expense for this department is $27.50 per resident day, which is reasonable in comparison to the provided proforma and expense comparables. Our forecast falls within the range of the comparables on a per diem and percent of income basis, and is well supported by the comparables.

Therapy and Ancillary

This category includes expenses paid to therapy staff and to outside contract therapy agencies. As this expense is highly variable, it is best analyzed on a per resident day basis.

Therapy and Ancillary

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Expense in $	$1,654,992	$2,334,400	$2,349,800	$2,357,049	$1,525,860	$3,389,106	$545,509	$1,954,381	$2,444,085
Expense PRD	$38.64	$43.21	$43.26	$42.49	$34.47	$88.75	$21.99	$46.93	$45.00
Expense %	8.2%	8.8%	8.6%	9.5%	9.8%	18.5%	7.4%	11.3%	9.4%

Our forecast is $45.00 per resident day, based upon the provided proforma and expense comparables. Our forecast falls within the range of the comparables on a per diem and percent of income basis, and is well supported by the comparables.

Administrative & General

This expense includes a broad range of expenses for expenditures needed to operate the facility, but not directly related to the care or providing of services to residents, or the maintenance and operation of the building. Administrative and General expenses include administrative salaries, office salaries, legal expenses, office supplies, dues and subscriptions, licenses, office equipment rental, bank charges, educational costs, telephone, and advertising and marketing costs. This expense is somewhat variable.

Admin & General

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Expense in $	$1,004,855	$1,084,000	$1,095,400	$1,484,572	$431,047	$1,151,176	$365,528	$858,081	$1,303,512
Expense PRD	$23.46	$20.07	$20.17	$26.76	$9.74	$30.15	$14.74	$20.35	$24.00
Expense %	5.0%	4.1%	4.0%	6.0%	2.8%	6.3%	4.9%	5.0%	5.0%

Our forecast is $24.00 per resident day, based upon the provided proforma and expense comparables. Our forecast falls within the range of the comparables on a per diem and percent of income basis, and is well supported by the comparables.

Housekeeping and Laundry

Items in this department include wages and benefits for the housekeeping and laundry staff, cleaning supplies, and linens. These expenses are variable, and are best analyzed on a per resident day basis.

Housekeeping and Laundry

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Expense in $	$1,121,213	$1,121,200	$1,134,000	$1,007,076	$432,405	$436,324	$246,709	$530,628	$869,008
Expense PRD	$26.18	$20.76	$20.88	$18.15	$9.77	$11.43	$9.95	$12.32	$16.00
Expense %	5.6%	4.2%	4.2%	4.1%	2.8%	2.4%	3.3%	3.1%	3.3%

Our total forecasted expense for this department is $16.00 per resident day, which is reasonable in comparison to the provided proforma and expense comparables. Our forecast falls within the range of the comparables on a per diem and percent of income basis, and is well supported by the comparables.

Activities and Recreation

This expense includes the cost of activities, recreation, and the costs for staff associated with this department.

Activities and Recreation

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Expense in $	$326,948	$438,500	$444,500	$195,874	$360,512	$338,630	$159,216	$263,558	$439,935
Expense PRD	$7.63	$8.12	$8.18	$3.53	$8.14	$8.87	$6.42	$6.74	$8.10
Expense %	1.6%	1.7%	1.6%	0.8%	2.3%	1.9%	2.1%	1.8%	1.7%

Our forecast is $8.10 per resident day, based upon the provided proforma and expense comparables. Our forecast falls within the range of the comparables on a per diem and percent of income basis, and is well supported by the comparables.

Repairs and Maintenance

This expense relates to the repair and maintenance of the physical facility. It includes contracted services such as landscaping, salaries and benefits for the maintenance staff, and supplies used by the maintenance staff.

Repairs and Maintenance

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Expense in $	$886,015	$949,600	$954,200	$310,473	$282,283	$267,414	$95,120	$238,822	$380,191
Expense PRD	$20.69	$17.58	$17.57	$5.60	$6.38	$7.00	$3.83	$5.70	$7.00
Expense %	4.4%	3.6%	3.5%	1.3%	1.8%	1.5%	1.3%	1.5%	1.5%

Our forecast is $7.00 per resident day, based upon the provided proforma and expense comparables. Our forecast falls within the range of the comparables on a per diem and percent of income basis, and is well supported by the comparables.

Utilities

This expense covers the cost of electricity, natural gas, water, sewer and cable television.

Utilities

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Expense in $	$0	$0	$0	$564,328	$203,975	$177,278	$81,581	$256,790	$342,172
Expense PRD	$0.00	$0.00	$0.00	$10.17	$4.61	$4.64	$3.29	$5.68	$6.30
Expense %	0.0%	0.0%	0.0%	2.3%	1.3%	1.0%	1.1%	1.4%	1.3%

Our forecast is $6.30 per resident day, based upon the provided proforma and expense comparables. The proforma provided included utilities expenses under repairs and maintenance. Our forecast falls within the range of the comparables on a per diem and percent of income basis, and is well supported by the comparables.

Bad Debt Expense

This expense is to account for previously billed revenue, expensed as bad debt in the period analyzed. Accounting procedures vary from operator to operator. Bad debt for the subject and comparables as a percent of EGI has been as follows:

Bad Debt

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Expense in $	$0	$0	$0	$0	$229,725	$274,381	$36,622	$135,182	$391,266
Expense PRD	$0.00	$0.00	$0.00	$0.00	$5.19	$7.19	$1.48	$3.46	$7.20
Expense %	0.0%	0.0%	0.0%	0.0%	1.5%	1.5%	0.5%	0.9%	1.5%

Considering this, we will forecast the bad debt expense at 1.50% of total effective gross income.

Real Estate Tax Expense

Real estate taxes were discussed in the Ad Valorem tax section of this report.

Real Estate Taxes

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Expense in $	$0	$0	$0	$768,408	$53,162	$147,652	$22,980	$248,051	$802,893
Expense PRD	$0.00	$0.00	$0.00	$13.85	$1.20	$3.87	$0.93	$4.96	$14.78
Expense %	0.0%	0.0%	0.0%	3.1%	0.3%	0.8%	0.3%	1.1%	3.1%

The real estate tax expense is also included under the repairs and maintenance expense department. The forecast expense is $802,893.

PL/GL Insurance Expense

PL/GL Insurance is the cost of professional and general liability insurance for the property. Data for the subject and comparables is as follows:

PL/GL Insurance

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Expense in $	$0	$0	$0	$156,711	$559,668	$257,931	$293,560	$316,968	$160,000
Expense Per Bed	$0.00	$0.00	$0.00	$979.45	$4,513.45	$1,984.08	$4,254.49	$3,249.13	$1,000.00
Expense %	0.0%	0.0%	0.0%	0.6%	3.6%	1.4%	4.0%	2.4%	0.6%

The provided proforma did not break out insurance expenses in detail, and therefore weight was placed on the expense comparables in reconciling this departmental item. Considering the actual expenses, the comparables, and our experience with other operators, we are forecasting PL/GL insurance at $1,000 per bed.

Worker's Compensation Insurance Expense

The proforma provided likely included workers compensation expenses under each respective departmental payroll expense, and therefore none is forecast in this analysis.

Other Insurance Expense

The subject is forecasting no Other Insurance expense, so none is forecast.

Provider Bed Tax

Provider Bed Taxes, also known as Quality Assurance Fees in some states, are taxes paid to the state. Provider Bed Taxes are typically based upon a percent of total revenue, a percent of Medicaid revenue, or an amount per resident day.

Provider Bed Tax

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Expense in $	$860,100	$1,019,600	$1,006,500	$830,439	$693,627	$266,000	$332,316	$530,595	$1,004,791
Expense PRD	$20.08	$18.87	$18.53	$14.97	$15.67	$6.97	$13.40	$12.75	$18.50
Expense %	4.3%	3.9%	3.7%	3.3%	4.5%	1.5%	4.5%	3.4%	3.9%

In the State of New York, the Provider Bed Tax is calculated as 6.8% of the non-Medicare room and board room. Our forecast was developed using this formula.

Management Fees

Management fees are fees paid to a management company that is responsible for the operation of a nursing facility. Management company responsibilities vary from facility to facility; however, some of the typical responsibilities of management companies are financial performance, occupancy, profitability of the business, compliance with government regulations, business activities such as billing and collection of receivables, marketing, documentation, and assistance in budgeting. The management is also responsible for the maintenance and repairing of the subject property and

grounds, supervision of day-to-day operations, and providing monthly or quarterly reports on occupancy cash flow, operating expenses, and capital accounts.

The State of Seniors Housing 2019 provided the following information pertaining to management fees:

Management Fees (Percentage of Total Revenue)

Community Type	Minimum	Average	Maximum
Independent Living	3.0%	5.1%	7.4%
Independent/Assisted Living	2.0%	5.0%	6.7%
IALF/MC	1.0%	4.9%	9.6%
Assisted Living	2.0%	5.0%	10.7%
Assisted/Memory Care	1.3%	5.0%	9.3%
Memory Care	2.0%	5.3%	7.5%
CCRCs	1.1%	3.7%	9.1%
All Communities	1.0%	4.6%	10.7%

Source: State of Seniors Housing 2019

The subject is managed by a third party management company named EPIC Rehabilitation and Nursing. Typically, management fees charged by unaffiliated third party companies are in the range of 4% to 7% of EGI for seniors housing projects. Although the comparables actually reported a variety of management expenses, we have shown an expense of 5.0% so that the comparables can be compared to the subject on a consistent basis in the analysis of total expenses.

Reserves for Replacements

The *Realty Rates Investor Survey* from the 4th Quarter 2019 indicated the following reserve requirements:

Reserve Requirements for Health Care/Seniors Housing

	Per Unit
Minimum	$265
Maximum	$720
Typical	$402

Source: 4th Quarter 2019 Realty Rates Investor Survey

Note that these are expressed as amount per unit, not beds. Based on the foregoing, reserve of $375 per bed has been utilized.

Total Expenses

Total forecast expenses are as follows, in comparison to the forecasted and expense comparables.

Comparison of Expenses

Item	Total Expenses	Expenses PRD	Expenses as a Percent of EGI
Year 1	$13,509,565	$315.40	67.29%
Year 2	$17,108,045	$316.70	64.83%
Year 3	$17,325,465	$318.99	63.76%
JLL Pro Forma	**$18,164,995**	**$334.45**	**69.64%**
Expense Comp 1	$20,150,974	$363.27	81.24%
Expense Comp 2	$10,349,856	$233.78	66.68%
Expense Comp 3	$14,395,021	$376.97	78.65%
Expense Comp 4	$5,173,707	$208.57	69.85%

The forecast expenses are reasonable in comparison to the proforma estimates and comparables.

Income and Expense Pro Forma

The following table summarizes:

- Our pro forma conclusions for the current year
- Our pro forma upon stabilization

Prospective Values

For the prospective values, we must consider potential changes in income and expenses between the present date and the date the prospective value is effective. We will now forecast changes in income and expenses over the holding period. According to *The State of Seniors Housing 2019*, seniors housing revenue increased as follows for 2018 (comparison between 2017 and 2018):

Change In Total Revenues - National Profile Sort

Community Type	Annual Change	5 Year Trend
Independent Living	-0.3%	N/A
Independent/Assisted Living	2.7%	2.8%
IL/AL/MC	0.2%	3.3%
Assisted Living	1.7%	1.6%
Assisted Living/Memory Care	2.8%	3.3%
Memory Care	4.5%	N/A
CCRC	1.4%	2.4%
All Communities	**1.4%**	**2.7%**

Source: The State of Seniors Housing 2019

Given the current economic environment among the COVID-19 outbreak, the subject's prospective values have been adjusted to include a 2.0% annual increase in income and a 2.0% annual increase in expenses compared to our first year pro forma, which is trended forward from the effective date to the date upon stabilization. This was utilized for the prospective value calculation in the direct capitalization method. In the DCF approach, the inflation has been set at 2% for years 2 and 3, then adjusted to 3% for the remaining years of the DCF model.

Stabilized Pro Forma

Property Name	EPIC Rehabilitation and Nursing
Operating Beds	160
Potential Resident Days:	58,400

Forecasted Census - Net of Vacancy		
Private Pay Nursing	3,802	7.0%
Ins./Managed Care Nursing	4,345	8.0%
Medicaid Nursing	29,872	55.0%
Medicare Nursing	16,294	30.0%
VA/Hospice Nursing	0	0.0%
Total	54,313	100.0%
Average Daily Census	148.8	
Occupancy Rate	93.0%	

ITEM	DOLLARS	PRD	% OF REVENUE	UPON STABILIZATION 04/03/22
Income -				
Room & Board -				
Private Pay Nursing	$1,953,278	$513.75	7.5%	$2,031,409
Ins./Managed Care Nursing	$1,716,275	$395.00	6.6%	$1,784,926
Medicaid Nursing	$10,889,539	$364.54	41.7%	$11,325,121
Medicare Nursing	$11,405,800	$700.00	43.7%	$11,862,033
VA/Hospice Nursing	$0	$0.00	0.0%	$0
Total Room & Board	$25,964,891	$478.06	99.5%	$27,003,489
Therapy & Other -				
Therapy & Ancillary Income	$119,489	$2.20	0.5%	$124,268
Other Income	$0	$0.00	0.0%	$0
Total Therapy & Other Income	$119,489	$2.20	0.5%	$124,268
Income Summary -				
Total Room & Board Income	$25,964,891	$478.06	99.5%	$27,003,489
Total Therapy & Other Income	$119,489	$2.20	0.5%	$124,268
Prior Period Adjustments	$0	$0.00	0.0%	$0
Contractual Adjustments	$0	$0.00	0.0%	$0
Total Income	$26,084,380	$480.26	100.0%	$27,127,757
Expenses -				
Nursing	$7,169,316	$132.00	27.5%	$7,456,089
Contract Nursing	$0	$0.00	0.0%	$0
Dietary	$1,493,608	$27.50	5.7%	$1,553,352
Therapy and Ancillary	$2,444,085	$45.00	9.4%	$2,541,849
Admin & General	$1,303,512	$24.00	5.0%	$1,355,653
Housekeeping and Laundry	$869,008	$16.00	3.3%	$903,768
Activities and Recreation	$439,935	$8.10	1.7%	$457,533
Repairs and Maintenance	$380,191	$7.00	1.5%	$395,399
Utilities	$342,172	$6.30	1.3%	$355,859
Bad Debt	$391,266	$7.20	1.5%	$406,916
Real Estate Taxes	$802,893	$14.78	3.1%	$835,009
PL/GL Insurance	$160,000	$2.95	0.6%	$166,400
Workers Compensation	$0	$0.00	0.0%	$0
Other Insurance	$0	$0.00	0.0%	$0
Provider Bed Tax	$1,004,791	$18.50	3.9%	$1,044,982
Uncateg. Salary & Benefits	$0	$0.00	0.0%	$0
Management Fee	$1,304,219	$24.01	5.0%	$1,356,388
Reserves for Replacements	$60,000	$1.10	0.2%	$62,400
Total Expenses	$18,164,995	$334.45	69.6%	$18,891,596
Net Operating Inc.	$7,919,385	$145.81	30.4%	$8,236,161

Our pro forma income and expenses are contrasted with the financials and comparable data as follows:

Total Income and Expense Comparison

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Effective Gross Inc.	$20,075,400	$26,388,900	$27,171,300	$24,805,247	$15,522,430	$18,302,518	$7,407,264	$16,509,364	$26,084,380
Expenses	$13,497,715	$17,093,115	$17,306,145	$19,749,740	$10,205,761	$14,163,245	$5,107,831	$12,306,644	$18,164,995
Net Operating Income	$6,577,685	$9,295,785	$9,865,155	$5,055,507	$5,316,669	$4,139,272	$2,299,433	$4,202,720	$7,919,385
Expense %	67.2%	64.8%	63.7%	79.6%	65.7%	77.4%	69.0%	74.5%	69.6%

Total Income and Expense Adjusted

Item	Year 1	Year 2	Year 3	Expense Comparable 1	Expense Comparable 2	Expense Comparable 3	Expense Comparable 4	Expense Comp Average	JLL Pro Forma
Effective Gross Inc.	$20,075,400	$26,388,900	$27,171,300	$24,805,247	$15,522,430	$18,302,518	$7,407,264	$16,509,364	$26,084,380
Expenses	$13,497,715	$17,093,115	$17,306,145	$19,749,740	$10,205,761	$14,163,245	$5,107,831	$12,306,644	$18,164,995
Net Operating Income	$6,577,685	$9,295,785	$9,865,155	$5,055,507	$5,316,669	$4,139,272	$2,299,433	$4,202,720	$7,919,385
Plus Actual Management Expense	$987,920	$1,300,515	$1,335,245	$899,029	$678,526	$732,101	$330,361	$660,004	N.A.
Plus Actual Reserves for Replacement Expenses	$64,000	$64,000	$64,000	$0	$0	$0	$0	$0	N.A.
NOI Before Actual Management Fee and Reserves for Replacements	$7,629,605	$10,660,300	$11,264,400	$5,954,536	$5,995,195	$4,871,373	$2,629,795	$4,862,725	N.A.
Less Pro Forma Management Fee %	$1,003,770	$1,319,445	$1,358,565	$1,240,262	$776,121	$915,126	$370,363	$825,468	N.A.
Less Pro Forma Reserves for Replacement Expense	$60,000	$60,000	$60,000	$60,000	$46,500	$48,750	$25,875	$44,125	N.A.
Adjusted NOI	$6,565,835	$9,280,855	$9,845,835	$4,654,273	$5,172,574	$3,907,497	$2,233,556	$3,993,131	$7,919,385
Adjusted Expense %	67.3%	64.8%	63.8%	81.2%	66.7%	78.7%	69.8%	75.8%	69.6%

Comparison of Net Operating Income

Item	Net Operating Income	NOI PRD	NOI as a Percent of EGI
Year 1	$6,565,835	$153.29	32.71%
Year 2	$9,280,855	$171.80	35.17%
Year 3	$9,845,835	$181.28	36.24%
JLL Pro Forma	**$7,919,385**	**$145.81**	**30.36%**
Expense Comp 1	$4,654,273	$83.90	18.76%
Expense Comp 2	$5,172,574	$116.84	33.32%
Expense Comp 3	$3,907,497	$102.33	21.35%
Expense Comp 4	$2,233,556	$90.04	30.15%

Based upon the preceding, our forecasts are reasonable and well supported. As mentioned previously, the proforma provided is in inflated future dollars in Years 2 and 3, while this analysis makes our forecast based on current dollars. The projections are then inflated annually over the lease-up period to estimate a prospective NOI upon stabilization.

While the concluded NOI is above the range of the expense comparables on an NOI prd, the concluded operating margins are supported by the expense comparables. The subject is forecasting a high census of Medicare residents and will have a strong relationship with the nearby White Plains Hospital. The high-end services offered at the subject property allow the subject to provide the care services needed to achieve the Medicare rates forecast.

Capitalization Rate

We will rely upon several methods to estimate an appropriate capitalization rate.

JLL Seniors Housing Investor Survey Capitalization Rate Trends (Spring 2020)

Survey respondents were asked for the appropriate capitalization rate for assets based upon sector and class, and utilizing first-year pro forma net operating income. Respondents agreed and capitalization rates in 2020 continues to be competitive for pricing and bidding for all asset classes. The influx of new inventory is also creating more pricing disparity between Class A- and B+ or Class B and C assets. Results are shown as follows:

Core	Class A			Class B			Class C		
Capitalization Rates	Low (%)	High (%)	Avg. (%)	Low (%)	High (%)	Avg. (%)	Low (%)	High (%)	Avg. (%)
Active Adult	4.0	6.0	4.8	4.5	7.0	5.8	5.5	8.0	7.0
Independent Living	4.0	6.5	5.4	5.0	8.0	6.5	6.0	9.5	7.7
Assisted Living	5.0	7.0	5.9	5.5	8.5	7.0	6.0	10.0	8.2
Memory Care	6.0	9.0	7.3	6.0	10.0	8.1	7.0	11.0	9.1
Nursing Care	9.0	12.0	11.0	10.0	13.0	12.0	11.0	15.0	13.1
CCRC/LPC	5.0	10.0	7.4	6.0	10.5	8.2	7.5	10.5	8.9

Non-Core property results are shown as follows:

Non-Core	Class A			Class B			Class C		
Capitalization Rates	Low (%)	High (%)	Avg. (%)	Low (%)	High (%)	Avg. (%)	Low (%)	High (%)	Avg. (%)
Active Adult	4.0	7.0	6.0	5.0	8.0	6.6	6.0	10.0	7.7
Independent Living	5.0	8.0	6.4	5.5	9.0	7.3	6.0	11.0	8.2
Assisted Living	5.5	8.0	7.0	6.0	9.0	7.7	6.5	11.0	8.8
Memory Care	6.0	10.0	7.8	6.5	10.5	8.5	7.5	11.5	9.4
Nursing Care	10.0	14.0	11.4	10.0	15.0	12.7	12.0	16.0	14.0
CCRC/LPC	6.0	10.0	8.0	7.0	11.0	8.7	8.0	11.5	9.7

The JLL survey was conducted prior to the COVID-19 pandemic.

NIC Survey

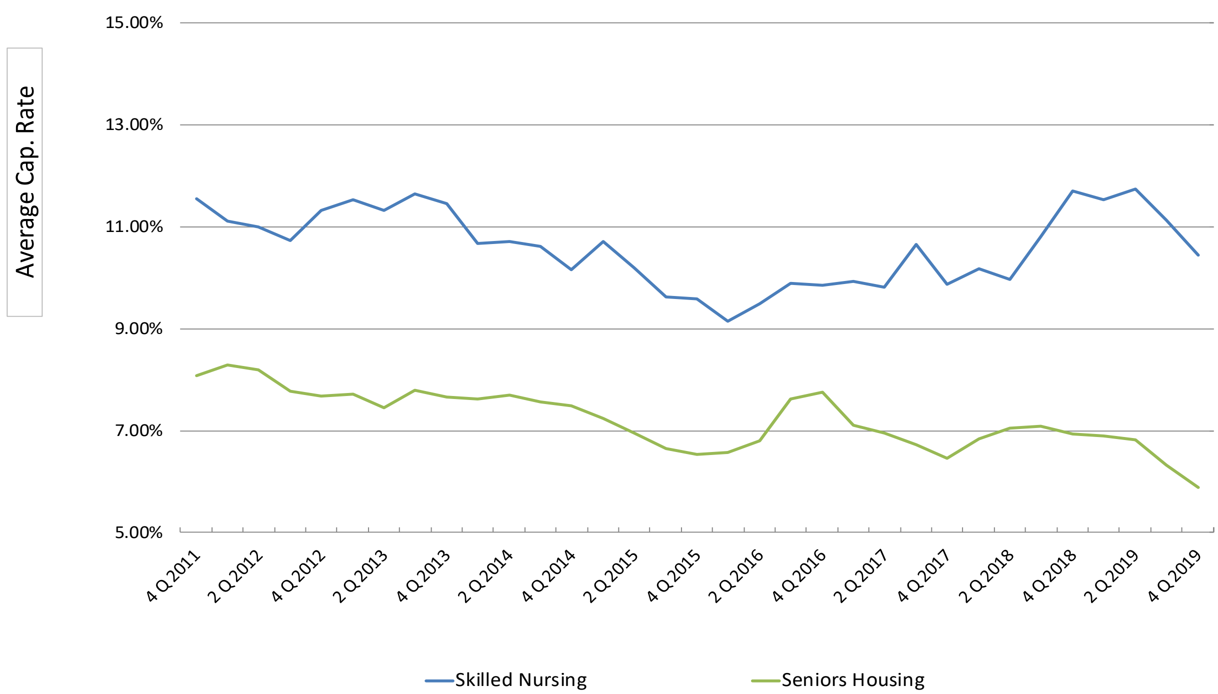
The NIC and Real Capital Analytics compile statistics for seniors housing sale transactions on a quarterly basis. The most recent data is shown below:

NIC'S Capitalization Rate Survey

Property Type	1Q19	2Q19	3Q19	4Q19
Seniors Housing	6.90%	6.80%	6.30%	5.90%
Nursing Center	11.50%	11.70%	11.10%	10.40%

It should be noted that the seniors housing averages combine independent living and assisted living properties. The following graph shows capitalization trends since 2010 of the seniors housing and skilled nursing sectors.

Cap Rate Comparison



The data above is not collected in a scientific manner. Every quarter participants submit capitalization rates by segment type without clearly labeling the property name and location. Thus, the cap rate may be skewed by the repetitive submission of well-known sales within the industry. The chart is reliable for determining cap rate movement within the seniors housing industry over an extended period of time.

Extraction From Comparable Sales

Recent sales of nursing facilities that will be analyzed included in the sales comparison are summarized as follows:

Summary of Sale Comparables

Element of Comparison		Comparable Number 1	2	3	4	5
Location Data	Property Name	Hillcrest Millard	Sayre Health Care	The Solana at Marlboro	3 NYC Metro SNFs	Confidential
	City, State	Omaha, NE	Sayre, PA	Morgansville, NJ	White Plains, NY	Metro New York City, NY
Sale Data	Date of Sale	November 28, 2017	November 18, 2017	November 8, 2018	January 1, 2018	In Contract
	Sales Price	$24,780,547	$21,000,000	$48,500,000	$123,920,000	$54,500,000
	Property Rights Conveyed	Going Concern	Going Concern	Going Concern	Going Concern	Going Concern
	Financing Terms	Cash	Cash	Cash	Cash	Cash
	Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Income Data	Effective Gross Income	$13,295,957	$9,767,442	$7,197,086	$76,968,944	$33,740,853
	Expenses	($10,882,988)	($6,856,024)	($3,963,445)	($63,304,009)	($27,980,034)
	NOI After Reserves	$2,412,969	$2,911,418	$3,233,641	$13,664,935	$5,760,819
	NOI Per Bed After Reserves	$31,750	$32,349	$35,535	$24,358	$24,003
	NOI Per Unit After Reserves	$31,750	$32,349	$40,932	$24,358	$43,643
	Expense Ratio	81.9%	70.2%	55.1%	82.2%	82.9%
	Occupancy at Sale	–	85.0%	100.0%	88.1%	–
Physical Data	Year Built	2017	2015	2015	1964-1974, 1975 and 1995	2001
	Number of Beds	76	90	91	561	240
	Number of Units	76	90	79	561	132
	Care Levels	NC	NC	AL/MC	NC	NC
	Building Area	52,522	54,500	73,570	191,601	131,650
Units of Comparison	Sales Price Per Bed	$326,060	$233,333	$532,967	$220,891	$227,083
	Sales Price Per Unit	$326,060	$233,333	$613,924	$220,891	$412,879
	Sales Price Per Square Foot	$471.81	$385.32	$659.24	$646.76	$413.98
	EGIM	1.86	2.15	6.74	1.61	1.62
	Overall Cap. Rate	9.74%	13.86%	6.67%	11.03%	10.57%

The range of capitalization rates is:

Capitalization Rates From Comparable Sales

Item	Low	Average	High
Comparable Sale OARs	6.67%	10.37%	13.86%

Capitalization Rate Conclusion

To determine an appropriate capitalization rate for the subject, the following characteristics are considered:

Qualitative Rating

Item	Below Average	Average	Above Average
Subject's Macro Location (Region)			X
Subject's Micro Location (Specific Location within PMA)			X
Strength of Market			X
Quality/Condition of Improvements			X

The subject is of good quality in a market with favorable demographics. The market has above average population growth combined with above average income levels and housing values. The White Plains market, specifically the subject's locating within the submarket area, are superior. The subject is brand new construction and superior to the competitive market. In terms of age and condition, comparable 1 is most similar to the subject, while comparables 2, 4, and 5 are most representative of the subject's location.

As previously noted earlier in the report, there is risk and uncertainty in the financial markets due to the COVID-19 virus outbreak. However, it is preliminary to determine the future risk in the real estate capital markets. The subject property is in the seniors housing/healthcare real estate sector. For this asset type, precautions have begun to screen visitors and restrict entry to all but essential health care staff to prevent further new outbreaks of this virus. Numerous states have already set mandates regarding access to senior living communities across the country. Since the subject is not currently stabilized it could take a longer period to lease up to stabilization. Overall, our capitalization rate selection considers these potential risks.

Considering these factors, the subject's capitalization should fall below the average displayed by the JLL Investor Survey, near the average displayed by the NIC survey and below the average of the comparable sales. We conclude a capitalization rate of 11.00% to be appropriate for the subject.

Based upon the previous assumptions, our valuation of the subject is as follows:

Summary of Direct Capitalization

	Year 2	Year 3	Current Year JLL Pro Forma	Upon Stabilization JLL Pro Forma As Of 4/3/2022
Total Income	$26,388,900	$27,171,300	$26,084,380	$27,127,757
Total Expenses	$17,108,045	$17,325,465	$18,164,995	$18,891,596
Net Operating Income	$9,280,855	$9,845,835	$7,919,385	$8,236,161
Capitalization Rate	-	-	11.00%	11.00%
Indicated Stabilized Value	-	-	$71,994,410	$74,874,193
Stabilized Value Rounded	-	-	$72,000,000	$74,900,000
Less Absorption/Rent Loss	-	-	$15,220,000	$0
Less Unstabilized Discount	-	-	$0	$0
Less Repairs	-	-	$0	$0
Less Profit for Lease Up Risk	-	-	$2,280,000	$0
Indicated Value	**-**	**-**	**$54,500,000**	**$74,900,000**

Indicated Value via the Income Approach - Direct Capitalization

The indicated value on a stabilized basis is $74,900,000 for the subject. However, the subject is not operating at its stabilized level. Therefore, adjustments were applied to get the as is value.

The rent loss adjustment is for rent loss for the period needed to achieve the forecasted stabilized occupancy level. This is calculated later in the report. We have also applied a deduction for the lease-up risk of the subject, which is calculated as 15% of the concluded rent loss adjustment.

The indicated value of the going concern on an as is basis is $54,500,000 for the subject.

Income Capitalization – Yield Capitalization

Yield capitalization is a method of income capitalization commonly used by institutional investors. It is most applicable for assets with variable cash flows. It is a method that converts future benefits to an indication of present value by discounting the future benefits at an appropriate yield rate. Yield capitalization is often performed through a discounted cash flow analysis (DCF). To develop a DCF, we will specify the timing, quantity, and duration of income (cash flow) and reversion, normally through projected sale of the property, to be received over a specified period of time and discount each cash flow to present value at a specified yield rate.

Projection Period

Institutional investors surveyed by RERC, CBRE, and others normally utilize a 10 to 15 year projection period. Our forecast will be based upon a 10 year forecast. NOI is forecast for an 11th year to determine the gross reversionary sales price at the end of Year 10.

Income and Expense Inflation

We will now forecast changes in income and expenses over the holding period. According to *The State of Seniors Housing 2019*, seniors housing revenue increased as follows for 2019 (comparison between 2018 and 2019):

Change In Total Revenues - National Profile Sort

Community Type	Annual Change	5 Year Trend
Independent Living	-0.3%	N/A
Independent/Assisted Living	2.7%	2.8%
IL/AL/MC	0.2%	3.3%
Assisted Living	1.7%	1.6%
Assisted Living/Memory Care	2.8%	3.3%
Memory Care	4.5%	N/A
CCRC	1.4%	2.4%
All Communities	**1.4%**	**2.7%**

Source: The State of Seniors Housing 2019

Based on this data, and considering the forecast long-term effects of the COVID-19 outbreak, we are forecasting inflation as follows:

Forecast Income and Expense Change

Year	Income Change	Expense Change
1	0%	0%
2	2.0%	3.0%
3	3.0%	3.0%
4	3.0%	3.0%
5	3.0%	3.0%
6	3.0%	3.0%
7	3.0%	3.0%
8	3.0%	3.0%
9	3.0%	3.0%
10	3.0%	3.0%
11	3.0%	3.0%

Current Status

As of the effective date of this analysis, the subject was 25.0% occupied, whereas our forecast of stabilized occupancy is 93.0%.

Based on discussions with owners, operators and brokers, due to COVID-19 subject operations are expected to be impacted in the short term, notably longer lease-up timelines over the next several months. Therefore, JLL conclusions fall at the lower end of indications below.

Absorption

The subject's forecasted occupancy is as follows:

Payor Mix and Projected Resident Day Occupancy

	Year 1		Year 2		Year 3	
Payor Source	Days	%	Days	%	Days	%
Private Pay Nursing	3,105	7.2%	4,052	7.5%	4,073	7.5%
Ins./Managed Care Nursing	3,105	7.2%	4,052	7.5%	4,073	7.5%
Medicaid Nursing	25,915	60.5%	29,710	55.0%	29,058	53.5%
Medicare Nursing	10,708	25.0%	16,206	30.0%	17,109	31.5%
VA/Hospice Nursing	0	0.0%	0	0.0%	0	0.0%
Total	42,833	100.0%	54,020	100.0%	54,313	100.0%
Available (Operating) Beds	160		160		160	
Available Res. Days	58,400		58,400		58,400	
Occupancy Rate	73.3%		92.5%		93.0%	

The subject is forecast to achieve stabilized operations in Year 2 with Year 3 representing the first stabilized year. The forecast lease-up in the proforma suggests a lease-up of 9.8 units per month in Year 1. While a month by month breakdown is not provided in the proforma, the assumed lease-up time in the proforma is 18 to 24 months.

NIC MAP tracks move-in rates for properties in the 31 largest US markets. This data will aid in the establishment of an absorption rate for the subject.

National Absorption Averages Units

Quarter	Independent Living	Assisted Living	Memory Care
2Q13	5.0	3.0	1.8
3Q13	5.4	2.9	1.6
4Q13	5.1	2.8	1.7
1Q14	4.7	2.9	1.9
2Q14	6.0	2.8	1.8
3Q14	5.8	3.1	1.7
4Q14	4.5	3.2	1.8
1Q15	4.5	2.8	1.8
2Q15	5.2	3.0	1.7
3Q15	5.7	3.3	1.7
4Q15	5.3	3.0	1.6
1Q16	5.6	2.7	1.5
2Q16	5.4	2.6	1.4
3Q16	4.8	2.4	1.3
4Q16	6.2	2.7	1.3
1Q17	5.0	2.8	1.3
2Q17	4.9	2.9	1.5
3Q17	5.2	3.0	1.3
4Q17	4.8	2.8	1.3
1Q18	4.0	2.8	1.3
2Q18	4.0	2.8	1.3
3Q18	4.9	2.7	1.3
4Q18	4.4	2.6	1.3
1Q19	4.4	2.5	1.2
2Q19	4.4	2.5	1.2

Based upon this data and considering the prevailing market occupancy level, we are forecasting that the subject will require 24 months to reach stabilized occupancy, which equates to an average absorption rate of 4.53 beds per month.

Reversion

Reversion refers to future income derived through sale of the property at the end of the specified holding period. This represents the return of capital at the end of the holding period. Reversion can be calculated a number of ways. The *Korpacz* survey notes that most investors calculate reversion by applying an overall capitalization rate to the NOI for the last year of analysis or for the following year. The rate is referred to as the reversion or terminal capitalization rate. Sales expenses are deducted from the projected reversion sale price to arrive at the net reversion cash flow, which is then discounted at an appropriate yield rate. The present value of this reversion is added to the present value of all the annual cash flows to yield a value indication.

The reversion capitalization rate has historically been somewhat higher than the capitalization rate that the investor would apply to current income, or the going-in capitalization rate, because of the improvement's age at the end of the holding period and the inherent risk of projecting property value several years into the future. Typically, investors have increased the going-in capitalization rate by 50 to 100 basis points in estimating a reversionary capitalization rate. Based upon the preceding, we will use a reversion capitalization rate of 11.75%.

JLL recently conducted a survey of anticipated costs of sale. The survey was sent to active buyers across the country. The survey revealed the following average costs of sale by anticipated selling cost:

JLL Costs of Sale Survey

Anticipated Sales Price Range	Most Prevalent Response	Weighted Average Response
Up to $5,000,000	4.00%	3.74%
$5,000,000 to $9,999,999	3.00%	3.17%
$10,000,000 to $14,999,999	2.00%	2.71%
$15,000,000 to $19,999,999	2.00%	2.42%
$20,000,000 to $29,999,999	2.00%	2.16%
$30,000,000 to $49,999,999	1.50%	1.93%
$50,000,000 to $74,999,999	1.00%	1.73%
$75,000,000 to $99,999,999	1.00%	1.56%
$100,000,000 and over	0.50%	1.46%

In our DCF, we will use the JLL concluded cost of sale noted above for the subject's anticipated selling price. Sales expenses are estimated at 1.00% for the subject.

Unleveraged Yield Rates - JLL Seniors Housing Investor Survey Yield Rate Trends (Spring 2020)

As the seniors housing sector grows more and more sophisticated, investors are increasingly using discounted cash flow analysis to underwrite investments. The data also shows significant spreads between classes for each property subsector are as follows:

All Markets	Class A			Class B			Class C		
Unleveraged yield	Low (%)	High (%)	Avg. (%)	Low (%)	High (%)	Avg. (%)	Low (%)	High (%)	Avg. (%)
Active Adult	5.0	8.0	6.9	5.0	9.0	7.8	6.0	10.0	8.6
Independent Living	6.0	9.0	7.7	6.0	10.0	8.5	7.0	11.0	9.3
Assisted Living	6.0	10.0	8.2	6.0	11.0	9.0	7.0	12.0	9.9
Memory Care	7.0	12.0	9.2	7.0	13.0	10.3	7.0	13.0	11.1
Nursing Care	11.0	15.0	13.2	11.0	16.0	14.2	13.0	17.0	15.3
CCRC/LPC	7.0	12.0	9.3	8.0	13.0	10.4	9.0	13.0	11.1

Considering that fact that the subject property is a Class A currently in lease-up with a projected lease-up with a projected lease-up period of 24 months to stabilization, we believe that a yield rate above the 13.20% average is appropriate for the subject property.

Based upon the preceding, we will select a yield rate of 13.75% for the subject. The yield capitalization calculations are as follows:

Pro Forma and Ten Year Discounted Cash Flow Analysis

Item	Stabilized Pro Forma		Forecasted Year										
			1	2	3	4	5	6	7	8	9	10	11
Occupancy	93.0%		43.6%	80.2%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%
Concession/Loss to Lease %	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Potential Resident Days	58,400		54,312	54,312	54,312	54,312	54,312	54,312	54,312	54,312	54,312	54,312	54,312
Income Inflation			0.0%	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Expense Inflation			0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Expense Percentage (% of Stabilized)	100.0%		80.7%	90.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Rental Income	DOLLARS	PRD											
Gross Potential Rental Income	$27,918,675	$478.06	$27,918,675	$28,477,048	$29,331,360	$30,211,301	$31,117,640	$32,051,169	$33,012,704	$34,003,085	$35,023,177	$36,073,873	$37,156,089
Less Vacancy & Coll Loss	$1,953,783	$33.46	($15,735,525)	($5,639,272)	($2,053,195)	($2,114,791)	($2,178,235)	($2,243,582)	($2,310,889)	($2,380,216)	($2,451,622)	($2,525,171)	($2,600,926)
Less Conc./Loss to Leases	$0	$0.00	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Effective Gross Rental Income	$29,872,458	$511.51	$12,183,149	$22,837,776	$27,278,165	$28,096,509	$28,939,405	$29,807,587	$30,701,815	$31,622,869	$32,571,555	$33,548,702	$34,555,163
Income													
Therapy & Ancillary Income	$119,489	$2.05	$48,732	$121,878	$125,535	$129,301	$133,180	$137,175	$141,290	$145,529	$149,895	$154,392	$159,024
Other Income	$0	$0.00	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Other Income	$119,489	$2.05	$48,732	$121,878	$125,535	$129,301	$133,180	$137,175	$141,290	$145,529	$149,895	$154,392	$159,024
Total Income	$29,991,947	$513.56	$12,231,881	$22,959,655	$27,403,699	$28,225,810	$29,072,585	$29,944,762	$30,843,105	$31,768,398	$32,721,450	$33,703,094	$34,714,186
Operating Expenses By Department													
Nursing	$7,169,316	$122.76	$5,787,729	$6,653,648	$7,605,927	$7,834,105	$8,069,128	$8,311,202	$8,560,538	$8,817,354	$9,081,875	$9,354,331	$9,634,961
Contract Nursing	$0	$0.00	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Dietary	$1,493,608	$25.58	$1,205,777	$1,386,177	$1,584,568	$1,632,105	$1,681,068	$1,731,500	$1,783,445	$1,836,949	$1,892,057	$1,948,819	$2,007,284
Therapy and Ancillary	$2,444,085	$41.85	$1,973,089	$2,268,289	$2,592,930	$2,670,718	$2,750,839	$2,833,364	$2,918,365	$3,005,916	$3,096,094	$3,188,977	$3,284,646
Admin & General	$1,303,512	$22.32	$1,052,314	$1,209,754	$1,382,896	$1,424,383	$1,467,114	$1,511,128	$1,556,461	$1,603,155	$1,651,250	$1,700,788	$1,751,811
Housekeeping and Laundry	$869,008	$14.88	$701,543	$806,503	$921,931	$949,589	$978,076	$1,007,418	$1,037,641	$1,068,770	$1,100,833	$1,133,858	$1,167,874
Activities and Recreation	$439,935	$7.53	$355,156	$408,292	$466,727	$480,729	$495,151	$510,006	$525,306	$541,065	$557,297	$574,016	$591,236
Repairs and Maintenance	$380,191	$6.51	$306,925	$352,845	$403,345	$415,445	$427,908	$440,746	$453,968	$467,587	$481,615	$496,063	$510,945
Utilities	$342,172	$5.86	$276,233	$317,560	$363,010	$373,900	$385,117	$396,671	$408,571	$420,828	$433,453	$446,457	$459,850
Bad Debt	$391,266	$6.70	$315,866	$363,123	$415,094	$427,547	$440,373	$453,584	$467,192	$481,207	$495,644	$510,513	$525,828
Real Estate Taxes	$802,893	$13.75	$648,169	$745,143	$851,789	$877,343	$903,663	$930,773	$958,696	$987,457	$1,017,081	$1,047,593	$1,079,021
PL/GL Insurance	$160,000	$2.74	$129,167	$148,492	$169,744	$174,836	$180,081	$185,484	$191,048	$196,780	$202,683	$208,764	$215,027
Workers Compensation	$0	$0.00	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Insurance	$0	$0.00	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Provider Bed Tax	$1,004,791	$17.21	$811,159	$932,519	$1,065,982	$1,097,962	$1,130,901	$1,164,828	$1,199,772	$1,235,766	$1,272,839	$1,311,024	$1,350,354
Uncateg. Salary & Benefits	$0	$0.00	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Management	$1,304,219	$22.33	$611,594	$1,147,983	$1,370,185	$1,411,291	$1,453,629	$1,497,238	$1,542,155	$1,588,420	$1,636,073	$1,685,155	$1,735,709
Reserves for Replacements	$60,000	$1.03	$60,000	$61,800	$63,654	$65,564	$67,531	$69,556	$71,643	$73,792	$76,006	$78,286	$80,635
Total Expenses	$18,164,995	$311.04	$14,234,720	$16,802,128	$19,257,782	$19,835,516	$20,430,581	$21,043,498	$21,674,803	$22,325,048	$22,994,799	$23,684,643	$24,395,182
Income and Expense Totals													
Total Income	$29,991,947	$513.56	$12,231,881	$22,959,655	$27,403,699	$28,225,810	$29,072,585	$29,944,762	$30,843,105	$31,768,398	$32,721,450	$33,703,094	$34,714,186
Total Expenses	$18,164,995	$311.04	$14,234,720	$16,802,128	$19,257,782	$19,835,516	$20,430,581	$21,043,498	$21,674,803	$22,325,048	$22,994,799	$23,684,643	$24,395,182
Net Operating Income	$11,826,952	$202.52	($2,002,839)	$6,157,527	$8,145,917	$8,390,295	$8,642,004	$8,901,264	$9,168,302	$9,443,351	$9,726,651	$10,018,451	$10,319,004
NPV Analysis Assumptions													
Yield Rate	13.75%												
Reversion Capitalization Rate	11.75%												
Sales Expenses	1.00%												
Discounting of Cash Flows													
Net Operating Income			($2,002,839)	$6,157,527	$8,145,917	$8,390,295	$8,642,004	$8,901,264	$9,168,302	$9,443,351	$9,726,651	$10,018,451	
Present Value Factor			0.879121	0.772854	0.679432	0.597303	0.525101	0.461627	0.405826	0.356770	0.313644	0.275731	
Net Present Value of Cash Flows			**($1,760,738)**	**$4,758,866**	**$5,534,594**	**$5,011,545**	**$4,537,926**	**$4,109,067**	**$3,720,738**	**$3,369,108**	**$3,050,708**	**$2,762,400**	
Discounting of Reversion													
Net Operating Income, 11th Year													$10,319,004
Divided by Capitalization Rate													11.75%
"Gross" Reversion													$87,821,312
Less Sales Expenses													($878,213)
Net Reversion													$86,943,099
Present Value Factor													0.275731
Net Present Value of Reversion													$23,972,927
NPV Summary													
Net Present Value of Cash Flows	$35,094,214												
Net Present Value of Reversion	$23,972,927												
Total Net Present Value (Rounded)	$59,100,000												
Less Repairs (Rounded)	$0												
Total As Is Value	$59,100,000												

Indicated Value via the Income Approach - Yield Capitalization

The resulting as-is value indication from the yield capitalization approach is $59,100,000 .

Sales Comparison Approach

The sales comparison approach is based primarily upon the principle of substitution, which implies that a prudent individual will pay no more for a property than it would cost the individual to purchase a comparable substitute property. The steps involved in developing the sales comparison approach are:

- Research the market to obtain information pertaining to sales, listings, and sometimes offerings of property similar to the property being appraised.
- Investigate the market data to determine if the data is factually accurate and to determine if each sale represents an arm's length transaction.
- Determine relevant units of comparison, i.e. sales price per square foot, and develop a comparative analysis for each.
- Compare the subject and comparable sales according to the elements of comparison and then adjust each sale as appropriate.
- Reconcile the multiple value indications that result from the adjustment of the comparables into a single value indication.

Units of comparison are components into which a property may be divided for purposes of comparison. All appropriate units of comparison should be analyzed for the property type being appraised and the resulting value indications reconciled to a single indicated value or value range. The sales are analyzed and adjusted for differences in elements of comparison, which are characteristics of properties that cause the prices paid for real estate to vary. The following elements of comparison are considered:

- Real property rights conveyed
- Financing terms
- Conditions of sale
- Market conditions
- Location
- Physical characteristics
- Economic characteristics
- Use
- Non-realty components of value

Sales requiring lesser degrees of adjustment are typically the most comparable and are given greater weight than sales requiring greater degrees of adjustment. However, other factors must be considered including the reliability of the sales data and the degree of support of the required adjustments. After consideration of these factors, a final point value or value range is set forth.

Applicability to Subject

A number of factors make the application of the sales comparison approach problematic in the appraisal of a seniors housing facility. These factors include:

- The relative scarcity of arm's length sales
- The many variances in physical attributes from property to property
- The complex economics of retirement housing facilities

These challenges are so great that, according to *Elderly Housing, A Guide to Appraisal, Market Analysis, Development and Financing*, "value estimates using the sales comparison approach are sometimes given little or no weight in the final reconciliation of value". While the limitations are great, we have procured an adequate amount of sale data to develop the sales comparison approach in this appraisal.

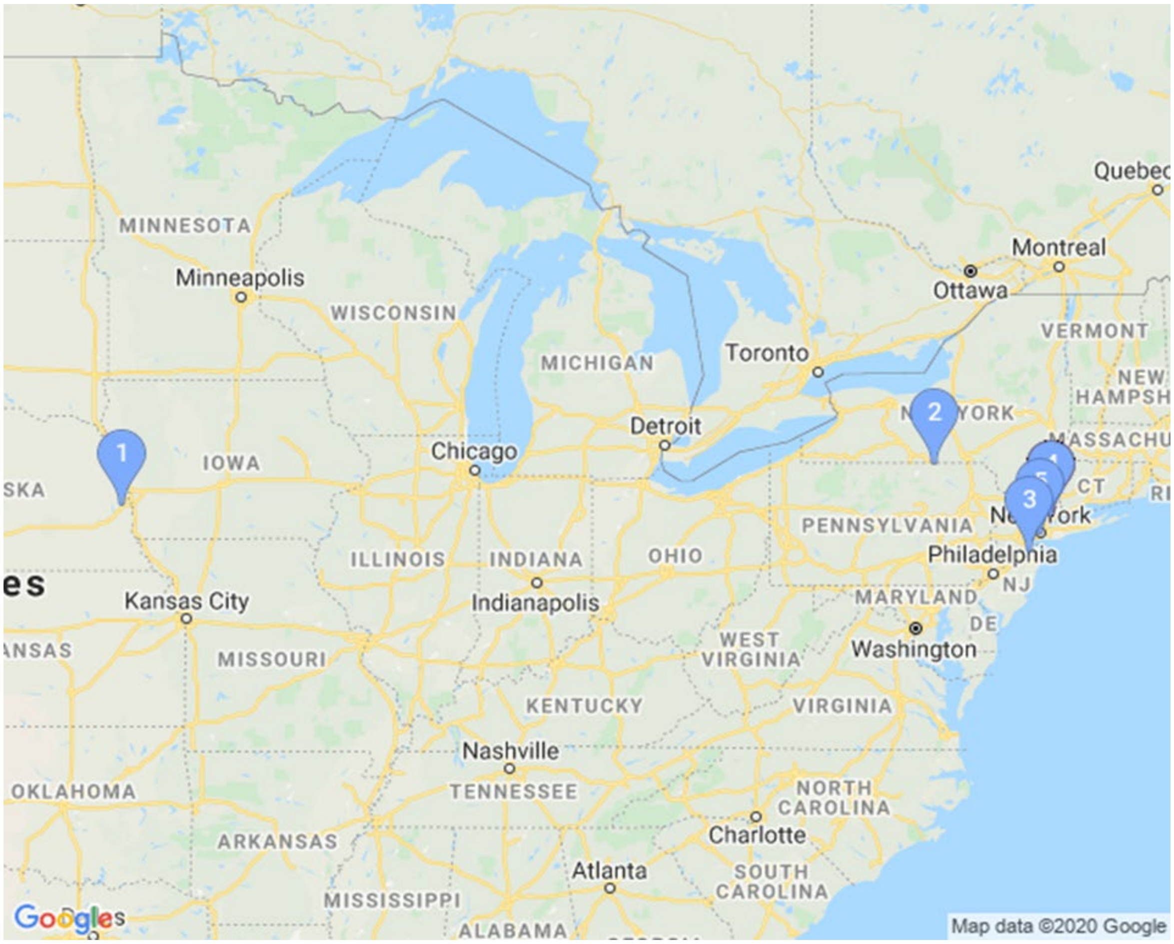
Presentation of Comparables

We will now analyze consummated sales of seniors housing properties. In addition, we have focused upon sales in the subject's market area. However, due to the limited number of sales, we found it necessary to expand our search to a larger region to procure enough sales.

The sales have been confirmed with the buyer, seller, broker, or other knowledgeable and reliable parties. Considering the superior services and finished of the subject property, this analysis has utilized the sale of a new, high-end assisted living/ memory care facility given they finishes and operating margins are similar to the subject. Given the limited transactions of brand new skilled nursing facilities that offer the same high-end services and amenities as the subject, some weight was placed on the sale of the assisted living facility to more accurately reflect the subject. The details for these comparables are referenced in the Addendum of this report. The sales we have elected to use in this analysis are as follows:

Summary of Sale Comparables

Element of Comparison		Comparable Number 1	2	3	4	5
Location Data	Property Name	Hillcrest Millard	Sayre Health Care	The Solana at Marlboro	3 NYC Metro SNFs	Confidential
	City, State	Omaha, NE	Sayre, PA	Morgansville, NJ	White Plains, NY	Metro New York City, NY
Sale Data	Date of Sale	November 28, 2017	November 18, 2017	November 8, 2018	January 1, 2018	In Contract
	Sales Price	$24,780,547	$21,000,000	$48,500,000	$123,920,000	$54,500,000
	Property Rights Conveyed	Going Concern	Going Concern	Going Concern	Going Concern	Going Concern
	Financing Terms	Cash	Cash	Cash	Cash	Cash
	Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Income Data	Effective Gross Income	$13,295,957	$9,767,442	$7,197,086	$76,968,944	$33,740,853
	Expenses	($10,882,988)	($6,856,024)	($3,963,445)	($63,304,009)	($27,980,034)
	NOI After Reserves	$2,412,969	$2,911,418	$3,233,641	$13,664,935	$5,760,819
	NOI Per Bed After Reserves	$31,750	$32,349	$35,535	$24,358	$24,003
	NOI Per Unit After Reserves	$31,750	$32,349	$40,932	$24,358	$43,643
	Expense Ratio	81.9%	70.2%	55.1%	82.2%	82.9%
	Occupancy at Sale	–	85.0%	100.0%	88.1%	–
Physical Data	Year Built	2017	2015	2015	1964-1974, 1975 and 1995	2001
	Number of Beds	76	90	91	561	240
	Number of Units	76	90	79	561	132
	Care Levels	NC	NC	AL/MC	NC	NC
	Building Area	52,522	54,500	73,570	191,601	131,650
Units of Comparison	Sales Price Per Bed	$326,060	$233,333	$532,967	$220,891	$227,083
	Sales Price Per Unit	$326,060	$233,333	$613,924	$220,891	$412,879
	Sales Price Per Square Foot	$471.81	$385.32	$659.24	$646.76	$413.98
	EGIM	1.86	2.15	6.74	1.61	1.62
	Overall Cap. Rate	9.74%	13.86%	6.67%	11.03%	10.57%



No.	Name	City/State	Mi. From Subj.	Beds	Sales Price	Price Per Bed
1	Hillcrest Millard	Omaha, NE	1,160.0	76	$24,780,547	$326,060
2	Sayre Health Care	Sayre, PA	160.0	90	$21,000,000	$233,333
3	The Solana at Marlboro	Morgansville, NJ	55.0	91	$48,500,000	$532,967
4	3 NYC Metro SNFs	White Plains, NY	0.0	561	$123,920,000	$220,891
5	Confidential	Metro New York City, NY	26.0	240	$54,500,000	$227,083
S	EPIC Rehabilitation and Nursing	White Plains, NY	--	160		

Sales Price per Bed Analysis

The first unit of comparison we will develop is the sales price per bed. The sales will be adjusted for the following elements of comparison.

Property Rights Conveyed

Each of the sales were occupied by residents on short-term agreements at the time of sale. Each comparable was transferred as a going-concern including all FF&E. No adjustments are needed.

Financing Terms

The comparables sold for cash to the seller, and no adjustments are needed.

Conditions of Sale

We have attempted to determine from the buyers and sellers of the comparables if there were any unusual conditions of sale. All of the comparables were reported as being negotiated between willing sellers and willing buyers and do not reflect any duress on the part of the buyer or seller.

Occupancy at Sale

The comparables were all operating at their respective long-term stabilized occupancy levels at sale. No adjustments are needed.

Market Conditions

The sales took place from November 2017 to a current pending contract. Market conditions have generally been strengthening over this time but have flattened as of the effective date as a result of COVID-19. Therefore, we apply no adjustments for market trends

Location

Location adjustments will be determined by comparing the median home value (as determined by Esri) within a five-mile radius of the subject property to the corresponding value for each of the comparable properties. The median home value of each property is shown in the following table.

Median Home Sales Price by 5 Mile Ring Radius

Comparable Number	City, State	Median Sales Price
Subject	White Plains, New York	$620,561
1	Omaha, NE	$320,640
2	Sayre, PA	$208,409
3	Morgansville, NJ	$168,380
4	White Plains, NY	$184,651
5	Metro New York City, NY	$218,796

All comparables have been adjusted upward by 20% due to their significantly inferior location when compared to the subject property.

Physical Characteristics

The comparables vary in a number of physical characteristics in comparison to the subject. All are similar in basic design, that being seniors housing facilities with interior hallways and an extensive amount of common areas. However, there are some variances that will require adjustment:

Age

We will base the age adjustments upon the effective age for each comparable in comparison to the subject, as shown below:

Age/Condition Adjustment Calculations

Element of Comparison	Comparable Number				
	1	2	3	4	5
Property Name	Hillcrest Millard	Sayre Health Care	The Solana at Marlboro	3 NYC Metro SNFs	Confidential
Year of Sale	2017	2017	2018	2018	-
Less Year Sale Built	2017	2015	2015	1964-1974, 1975 and 1995	2001
Age of Sale at Sale	0	2	3	-	18
Est. Effective Age of Sale	0	2	3	25	15
Subject's Effective Age	1	1	1	1	1
Variance in Effect. Age	(1)	1	2	24	14
Economic Life	60	60	60	60	60
Variance/Economic Life	-1.7%	1.7%	3.3%	40.0%	23.3%
Calculated Adjustment (% Variance Applied To Price Per Bed)	($5,434)	$3,889	$17,766	$88,357	$52,986

Quality

Comparable 3 has not been adjusted, due to its similar quality when compared to the subject property. Comparables 1, 2, 4 and 5 have been adjusted upward by 10% due to their inferior quality when compared to the subject property.

Economic Characteristics

In this adjustment process, economic characteristics are not considered as they should be reflected in the adjustments for location and physical characteristics. Note that following this process, we will also conduct a ranking and statistical analysis based solely upon income characteristics.

Use/Zoning

Comparable 3 has been adjusted downward by 10% due to its superior use/zoning when compared to the subject property. Comparables 1, 2, 4 and 5 have not been adjusted, due to their similar use/zoning when compared to the subject property.

Non-Realty Components

Each of the sales included real property, FF&E, and business value. Allocations of the contribution of each component to the sales price were not provided. We will not adjust for non-realty components in the adjustment process but will allocate the subject's value to its components in the conclusion section of this appraisal.

Summary of Adjustments

The preceding adjustments are now applied to the comparables as follows:

Adjustment of Comparable Sales - Price Per Bed Basis

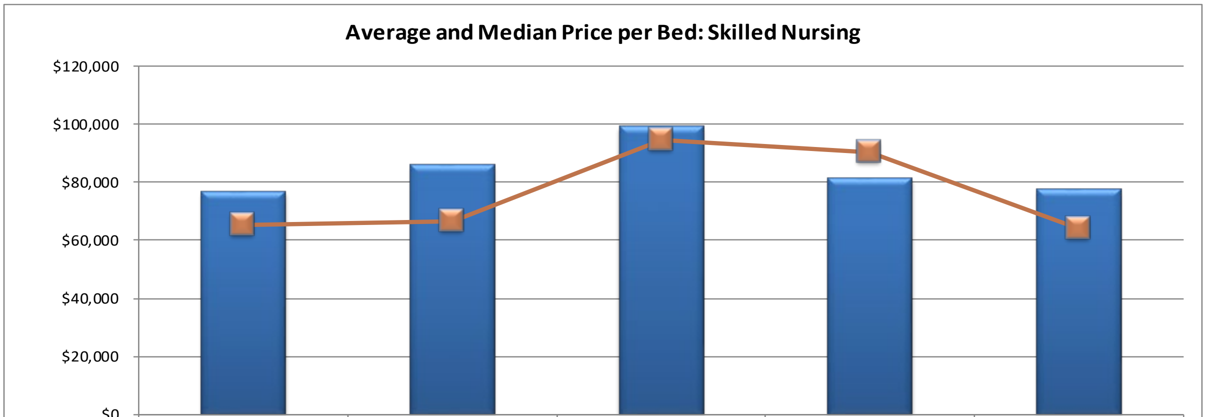
Element of Comparison	Comparable Number				
	1	2	3	4	5
Property Name	Hillcrest Millard	Sayre Health Care	The Solana at Marlboro	3 NYC Metro SNFs	Confidential
Unadjusted Price Per Bed	$326,060	$233,333	$532,967	$220,891	$227,083
Adjustment for Property Rights Conveyed	$0	$0	$0	$0	$0
	0.0%	0.0%	0.0%	0.0%	0.0%
Adjustment for Financing Terms	$0	$0	$0	$0	$0
	0.0%	0.0%	0.0%	0.0%	0.0%
Adjustment for Conditions of Sale	$0	$0	$0	$0	$0
	0.0%	0.0%	0.0%	0.0%	0.0%
Adjustment for Market Conditions	$32,606	$0	$0	$0	$0
	10.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Price Per Bed Before Physical Adjustments	$358,666	$233,333	$532,967	$220,891	$227,083
Adjustment for Location	$71,733	$46,667	$106,593	$44,178	$45,417
	20.0%	20.0%	20.0%	20.0%	20.0%
Adjustment for Age/Condition	($5,978)	$3,889	$17,766	$55,223	$52,986
	-1.7%	1.7%	3.3%	25.0%	23.3%
Adjustment for Quality	$35,867	$23,333	$0	$22,089	$22,708
	10.0%	10.0%	0.0%	10.0%	10.0%
Adjustment for Economic Characteristics	$0	$0	$0	$0	$0
	0.0%	0.0%	0.0%	0.0%	0.0%
Adjustment for Use/Zoning	$0	$0	($53,297)	$0	$0
	0.0%	0.0%	-10.0%	0.0%	0.0%
Adjustment for Non-Realty Components	$0	$0	$0	$0	$0
	0.0%	0.0%	0.0%	0.0%	0.0%
Final Adjusted Sales Price Per Bed	$460,288	$307,222	$604,029	$342,381	$348,194
Low of Adjusted Prices			$307,222		
High of Adjusted Prices			$604,029		
Average of Adjusted Prices			$412,423		

Based upon this analysis, a very wide per bed range is indicated.

Sales Price Trends

Skilled Nursing

The following chart displays the average and median price per bed for skilled nursing over the last 5 years. The average price per bed paid was $77,500 and the median price per bed was $63,950 in 2018.



	2014	2015	2016	2017	2018
Average	$76,600	$85,900	$99,200	$81,350	$77,500
Median	$65,100	$66,500	$94,660	$90,400	$63,950

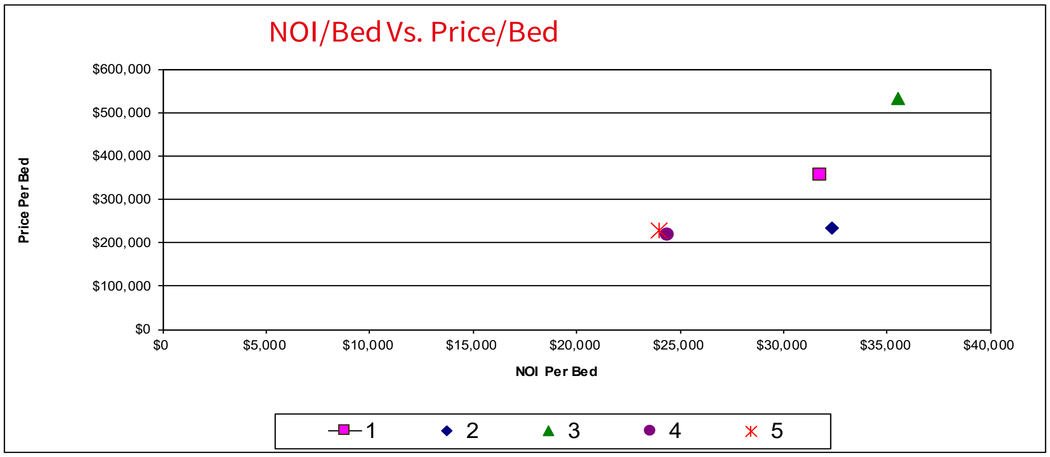
Source: The Skilled Nursing Acquisition and Investment Report First Edition 2019, Irving Levin Associates, Inc.

Continuum/Graphing Analysis

The data is not extensive enough to accurately derive adjustments for physical differences using paired sales or other quantitative adjustment techniques. Furthermore, physical differences between the comparables and the subject are abundant because the comparables vary significantly in location, size, year built, facility composition, etc. Thus, as an additional analysis (and one which is more relevant), we will analyze the relationship of price per bed and net operating income (NOI) per bed. This is a relevant measure of income-producing potential that should account for the different levels of services offered, varying locations, and differences in the physical facilities of the comparables.

Comparison of NOI Per Bed and Price Per Bed

Comparable Number	NOI Per Bed	Sales Price Per Bed
1	$31,750	$358,666
2	$32,349	$233,333
3	$35,535	$532,967
4	$24,358	$220,891
5	$24,003	$227,083
Subject	$49,496	$450,000



Correlation Coefficient	0.7733
Forecasted Value	$717,087

Range	Price Per Bed	X	Subject's Beds	=	Indicated Value	Rounded
Low of Range	$445,000	X	160	=	$71,200,000	$71,200,000
High of Range	$455,000	X	160	=	$72,800,000	$72,800,000

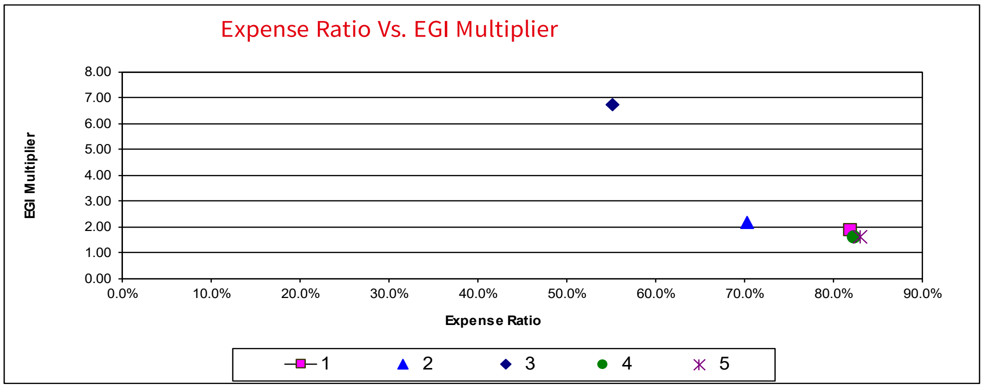
The sales display a strong correlation between NOI per bed prices. Based upon this relationship and the forecasted value shown above, but also with strong consideration to the adjusted prices per bed based upon the traditional adjustment process, we selected a value range of $445,000 to $455,000 per bed for the subject. As mentioned previously, the assisted living facility sale was utilized to reflect the high-end finishes offered by the subject as well as reflect the lower operating margins. The subject will be focused on maintaining a high Medicare census and the high-end facility will be able to offer the services and care needed to maintain a high Medicare rate. This focus on Medicare and the high-end services will result in operating margins at the high-end of the range for skilled nursing facilities; therefore, the sale of the assisted living facility in Morgansville, New Jersey was given some weight in reconciling above the range of the skilled nursing comparables to reflect the higher-end finishes and superior services.

Effective Gross Income Multiplier

The effective gross income multipliers (EGIM) for the sales are as follows:

Comparison of Expense Ratios and EGIMs

Comparable Number	Expense Ratio	EGIM
1	81.9%	1.86
2	70.2%	2.15
3	55.1%	6.74
4	82.2%	1.61
5	82.9%	1.62
Subject	69.6%	3.00



Correlation Coefficient	0.9345
Forecasted EGIM	3.62

Range	EGIM	X	Forecast EGI	=	Indicated Value	Rounded
Low of Range	2.85	X	$26,084,380	=	$74,340,483	$74,340,000
High of Range	3.10	X	$26,084,380	=	$80,861,578	$80,860,000

The sales display a strong correlation between expense ratios and EGIMs. Based primarily upon this relationship and the forecasted value shown above, we selected an EGIM range of 2.85 to 3.10 to apply to the subject's pro forma EGI. As with the concluded price per bed from the NOI analysis, the Solana at Marlboro sale comparable was given weight in reconciling above the range of the skilled nursing comparables.

Indicated Value via Sales Comparison

The value indications are as follows:

Summary of Sales Comparison Approach Value Indications

Unit of Comparison	Low Of Range		High of Range
Sales Price Per Bed	$71,200,000		$72,800,000
EGIM	$74,340,000		$80,860,000
Concluded Value		$74,800,000	
Less Income Loss to Stabilization		$15,220,000	
Less Repairs		$0	
Less Profit for Lease Up Risk		$2,280,000	
Plus Excess Land		$0	
Concluded As Is Value		**$57,300,000**	

In developing the sales price per bed analysis, we first adjusted the sales based solely upon differences in physical elements of comparison, such as age, location, and quality. This analysis indicates a wide range of per bed prices. This is because economics is the primary factor driving the sales prices of seniors housing properties, not physical differences. Following the physical adjustment analysis, we conducted an analysis of NOI per bed compared to sales price per bed. This comparison showed a strong correlation between the two variables. This method relies upon NOI per bed and is closely related to the income capitalization approach. We then selected an indicated price per bed considering both methods.

The EGIM analysis is less dependent upon the accurate estimation of net operating income. An investor considering purchasing the subject might place substantial weight in an EGIM analysis, as it is a commonly used tool.

Overall, there are limited transactions of similar skilled nursing facilities as the subject property, therefore the Solana at Marlboro sale comparable was utilized to better reflect the quality, age, and operating margins of the subject property. Overall, this analysis reconciled at the high-end of the comparable range recognizing that this reflects the superior quality and location of the subject property.

Both units of comparison are well supported and appropriate. We place roughly equal weight in the analyses and conclude an indicated value of $57,300,000 for the subject. The deduction for absorption is discussed later in the report, and represented the income loss as the subject property leases up.

Land Valuation

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach.

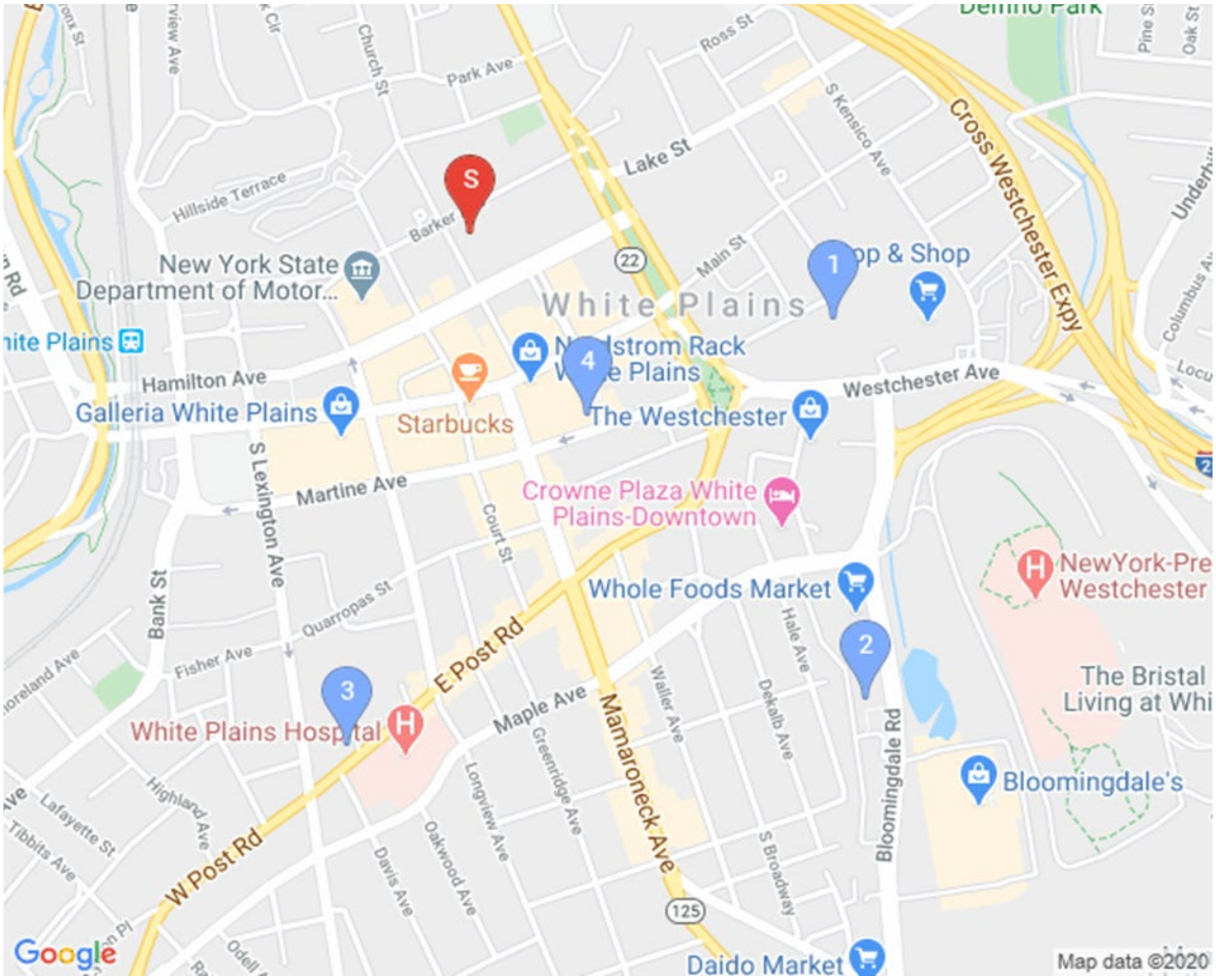
The sales comparison method is the most common technique for valuing land, and it is the most reliable and pertinent method when adequate sales data can be located. To use the sales comparison technique, sales of similar parcels of land are analyzed. Current contracts of sales and listings can also be considered. The comparables are analyzed, compared, and adjusted to provide a value indication for the land being appraised. This method of land valuation is utilized in this report.

Extent of the Data Search

We have searched the subject's market area for recent sales of sites with comparable size, shape, and access. The search procured four recent sales. Detailed comparable profiles are included in the Addendum of this report.

Transactions Confirmed

A summary of comparable land sales considered follows. Factual data regarding each comparable has been obtained from the grantor (seller), grantee (buyer), broker or some other knowledgeable party.



No.	Location	City/State	Mi. From Subj.	Site SF	Sales Price	Price Per SF
1	50 Franklin Avenue, White Plains, NY	White Plains, NY	0.0	45,413	$5,421,600	$119.38
2	120 Bloomingdale Road, White Plains, NY	White Plains, NY	1.0	31,117	$6,250,000	$200.85
3	26-28 E Post Road, White Plains, NY	White Plains, NY	1.0	8,712	$1,242,450	$142.61
4	25 City Place, White Plains, NY	White Plains, NY	0.0	5,227	$679,000	$129.90
S	EPIC Rehabilitation and Nursing	White Plains, NY	--	34,803		

Summary of Land Comparables

Item	Comparable Number			
	1	2	3	4
Location	50 Franklin Avenue, White	120 Bloomingdale Road, White	26-28 E Post Road, White Plains, NY	25 City Place, White Plains, NY
Municipality	White Plains	White Plains	White Plains	White Plains
Type Comparable	Closed sale	Closed sale	Closed sale	Closed sale
Sales Price	$5,421,600	$6,250,000	$1,242,450	$679,000
Date of Sale	July 11, 2019	August 20, 2019	November 30, 2018	September 1, 2017
Site Size (SF)	45,413	31,117	8,712	5,227
Property Rights Conveyed	Fee simple	Fee simple	Fee simple	Fee simple
Financing Terms	Cash to seller	Cash to seller	Cash to seller	Cash to seller
Conditions of Sale	Arm's length	Arm's length	Arm's length	Arm's length
Zoning	RM-0	cB-3	B-3	N/A
Sales Price Per Sq. Ft.	$119.38	$200.85	$142.61	$129.90

Adjustments for Non-Physical Elements of Comparison

The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of the two. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales or statistical analysis. Such analysis was not possible in the subject's market due to a lack of sufficient data. Thus, the adjustments used are based on qualitative judgment. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative inferiority; if the comparable is inferior, its price is adjusted upward. The adjustable elements of comparison are:

Property Rights Conveyed

The sales all involved the conveyance of fee simple interests. No adjustment is required for property rights conveyed because the fee simple interest in the subject site is under consideration.

Financing Terms

The comparables sold for cash and/or on cash equivalent terms. No adjustments are needed.

Conditions of Sale

This adjustment is made to account for atypical motivation of either the buyer or seller in a given sale. The comparables considered all sold under arm's length conditions and require no adjustment.

Market Conditions

Comparable 4 is adjusted upward for market conditions considering the transaction occurred in 2017. Therefore this comparable received an upward adjustment.

Location

The comparables are all located in comparable areas. No adjustments are needed.

Site Size

Comparables 3 and 4 are smaller in size compared to the subject property, and therefore received an upward adjustment.

Zoning

The comparables are all zoned to permit similar development. No adjustments are needed.

Other Physical

Other physical considerations are shape, topography, utility availability, presence of a flood hazard, etc. There are no other physical elements that require adjustment.

Summary of Adjustments

The required adjustments and the resulting adjusted sales prices per square foot are shown in the following table.

Land Comparable Adjustments

Item	Comparable Number			
	1	2	3	4
Unadjusted Price Per Sq. Ft.	$119.38	$200.85	$142.61	$129.90
Adjustment For Property Rights Conveyed	$0.00 0%	$0.00 0%	$0.00 0%	$0.00 0%
Adjustment For Financing Terms	$0.00 0%	$0.00 0%	$0.00 0%	$0.00 0%
Adjustment For Conditions of Sale	$0.00 0%	$0.00 0%	$0.00 0%	$0.00 0%
Adjustment For Market Conditions (Time)	$0.00 0%	$0.00 0%	$0.00 0%	$6.50 5%
Adjusted Price Prior to Physical Adjustments	$119.38	$200.85	$142.61	$136.40
Adjustment For Location	$0.00 0%	$0.00 0%	$0.00 0%	$0.00 0%
Adjustment For Site Size	$0.00 0%	$0.00 0%	$7.13 5%	$6.82 5%
Adjustment For Zoning	$0.00 0%	$0.00 0%	$0.00 0%	$0.00 0%
Adjustment For Other Physical	$0.00 0%	$0.00 0%	$0.00 0%	$0.00 0%
Final Adjusted Price Per SF	$119.38	$200.85	$149.74	$143.22
Minimum of Adjusted Prices	$119.38			
Maximum of Adjusted Prices	$200.85			
Average of Adjusted Prices	$153.30			

Indicated Value of the Site as Though Vacant

The weight is placed in Comparables 1, 2 and 3 due to the location, proposed use, and site size. The indicated site value is as follows:

Concluded Site Value

Subject's Square Feet	34,803
Times Concluded Price Per SF	$155.00
Indicated Value	$5,394,390
Rounded to:	**$5,390,000**

Cost Approach

The steps taken to apply the cost approach are:

- Develop an opinion of the value of the land as though vacant and available to be developed to its highest and best use, as of the effective date of the appraisal;
- Estimate the replacement cost new of the existing improvements under current market conditions;
- Estimate depreciation from all causes and deduct this estimate from replacement cost new to arrive at depreciated replacement cost of the improvements; and
- Add land value to the depreciated replacement cost of the improvements to arrive at a market value indication for the property overall.

Replacement Cost New

Replacement cost is the current cost to construct improvements with equivalent utility to the subject, using modern materials and current standards, design, and layout. Estimates of replacement cost for developing a market value opinion include three components: direct costs, indirect costs, and entrepreneurial profit.

Direct Costs

Direct costs are expenditures for labor, materials, equipment and contractor's overhead and profit. We use Marshall Valuation Service (MVS) as the basis of our direct cost estimate. In addition to direct costs, MVS includes certain indirect costs such as architectural and engineering fees, and interest on building loan funds during construction.

Indirect Costs

MVS does not include all of the indirect costs, also known as soft costs, which are appropriate in a replacement cost estimate. Therefore, we add an allowance for the following indirect costs that are not contained within MVS: taxes and carrying costs on land during construction, legal and accounting fees, and marketing and finance costs prior to stabilization.

Based upon the classifications in the Marshall Valuation Service handbook, the subject is considered to be a Class A "Convalescent Hospital" of excellent quality. Site improvements, including parking lot, signs, driveways, and exterior lighting, have been added to derive the total estimated direct costs.

Cost New of Main Building

Building Type	Convalescent Hospital
Section & Page Number	Section 15, Page 26
Building Class	Class A
Building Quality	Excellent
Base Cost Per Square Foot	$279.00
Area Multiplier	1.000
Story Height Multiplier	1.00
Subtotal	**$279.00**
Adjustment for Sprinkler System	$2.00
Adjustment for Elevator	$1.50
Adjustment for Patios	$0.00
Adjusted Base Cost	**$282.50**
Current Cost Multiplier	1.05
Local Multiplier	1.31
Final Per Square Foot Cost	**$388.58**
Subject's Building Area	110,210
Total Building Cost	**$42,825,402**
Cost New of Buildings Per SF	**$388.58**

Direct Costs

Item	Replacement Cost New
Main Building	$42,825,402
Landscaping	$200,000
Signs	$50,000
Sidewalks/Parking Lot/Ring Road	$350,000
Total Direct Costs	**$43,425,402**
Total Direct Costs Per SF	**$394.02**

As shown, the indicated replacement cost of the building and site improvements is $394.02 per square foot. JLL maintains a database of cost comparables. These represent either actual costs for buildings or total budgeted costs based upon construction bids. Current comparables are shown as follows.

Construction Cost Comparables

Item	Comp 1	Comp 2	Comp 3	Average
Identification -				
Care Type	SNF	SNF	SNF	-
Units	102	102	92	99
Beds	124	124	108	119
Building Area (Square Feet)	77,000	77,000	75,283	76,428
Cost in Dollars -				
Items in Marshall & Swift Base Costs -				
Hard (Direct Costs)	$16,062,506	$16,052,401	$13,550,552	$15,221,820
Architect and Engineering Fees	$703,810	$691,810	$566,294	$653,971
Permits and Building Fees	$130,000	$78,000	$60,000	$89,333
Construction Interest	$417,490	$367,500	$460,000	$414,997
Contractor's Overhead and Profit	$0	$0	$706,808	$235,603
Insurance	$68,500	$115,000	$0	$61,167
Total of Items in M&S Base Costs	$17,382,306	$17,304,711	$15,343,654	$16,676,890
Items Not in Marshall & Swift Base Costs -				
Financing Costs (Other than Construction Interest)	$438,585	$410,500	$1,568,960	$806,015
Pre-Opening Marketing Costs	$0	$0	$115,000	$38,333
Lease Up Costs (Lease-Up Reserve)	$1,468,541	$1,468,541	$575,000	$1,170,694
CON or License Costs	$1,543,000	$2,033,881	$56,040	$1,210,974
Initial Working Capital	$0	$0	$0	$0
Total of Items Not in M&S Base Costs	$3,450,126	$3,912,922	$2,315,000	$3,226,016
Other Components -				
Total Land Cost	$1,487,118	$1,525,892	$1,674,545	$1,562,518
Total Entrepreneurial Profit/Intangible Value	$0	$0	$0	$0
Total FF&E	$1,200,000	$1,200,000	$1,200,000	$1,200,000
Total Other Cost	$2,687,118	$2,725,892	$2,874,545	$2,762,518
TOTAL COST	$23,519,550	$23,943,525	$20,533,199	$22,665,425
Cost Per Unit -				
Total of Items in M&S Base Costs	$170,415	$169,654	$166,779	$168,949
Total of Items Not in M&S Base Costs	$33,825	$38,362	$25,163	$32,450
Total Land Cost	$14,580	$14,960	$18,202	$15,914
Total Entrepreneurial Profit/Intangible Value	$0	$0	$0	$0
Total FF&E	$11,765	$11,765	$13,043	$12,191
Total Other Cost	$230,584	$234,740	$223,187	$229,504
Cost Per Square Foot -				
Total of Items in M&S Base Costs	$225.74	$224.74	$203.81	$218.10
Total of Items Not in M&S Base Costs	$44.81	$50.82	$30.75	$42.12
Total Land Cost	$19.31	$19.82	$22.24	$20.46
Total Entrepreneurial Profit/Intangible Value	$0.00	$0.00	$0.00	$0.00
Total FF&E	$0.15	$0.15	$0.17	$0.16
Total Other Cost	$2.99	$3.05	$2.96	$3.00
Relevant Percentages -				
Financing Costs as % of Base Cost	2%	2%	8%	4%
Pre-Opening Marketing Costs as % of Base Cost	0%	0%	1%	0%
Lease-up Costs as a % of Base Cost	6%	6%	3%	5%
CON or License Cost as a % of Base Cost	7%	8%	0%	5%
Initial Working Capital as a % of Base Cost	0%	0%	0%	0%
Land Cost as a % of Total Direct and Indirect Costs	6%	6%	8%	7%
Profit/Intangible Value as a % of Total Direct and Indirect Costs	0%	0%	0%	0%

We have grouped the costs for the comparables are in a manner consistent with the Marshall Valuation Service. As noted previously, the Marshall Valuation Service indicated total direct costs for the subject of $394.02 per square foot. The cost comps indicated an average of $218.10 per square foot. While a detailed construction budget was not provided for the appraisal, the total construction cost was confirmed at $60,655,050, or $550 per square foot. This total cost includes CON Fees and financing costs that are not typically included in determining the base cost per square foot, and given no detailed budget was provided, it is inferred that the cost per square foot would be closer to $400 per square foot. Based upon this, it is evident that the cost estimate provided by the Marshall Valuation Service is reasonable. We will rely more upon the Marshall Valuation Service and forecast total costs inclusive of direct construction costs, architect and engineering fees, permits and building fees, construction interest, contractor's overhead and profit and insurance of $394.02 per square foot.

There are other costs not included in this figure. We have estimated the costs for financing, pre-opening marketing, lost income during lease-up, and CON or license at the average for the cost comparables.

In addition, developers of seniors housing properties anticipate receiving an entrepreneurial incentive for the efforts in developing seniors housing properties. We continue to actively conduct surveys of seniors housing developers to ascertain typical entrepreneurial incentive expectations. Responses ranged from 5% to more than 20%. The most common response was 15%. Therefore, we are forecasting a 15% entrepreneurial incentive.

In addition to entrepreneurial incentive, successful seniors housing facilities generally have intangible business enterprise value. We will add an allocation for this to our cost approach so that the cost approach is inclusive of intangibles, and the value is developed on the same basis as the income capitalization and sales comparison approaches.

The following set forth developer forecasts for the total value of properties following lease-up, with the gap between cost and value being inclusive of entrepreneurial incentive and intangible value.

Developer Survey on Entrepreneurial Incentive/Intangible Value

Property Type	Location/State	Total Project Costs	Forecasted Stabilized Value	Combined Incentive/Intangible %
AL	Texas	$33,500,000	$48,400,000	44%
MC	Massachusetts	$15,000,000	$21,000,000	40%
AL/MC	Minnesota	$23,500,000	$32,200,000	37%
MC	Illinois	$5,500,000	$7,300,000	33%
SNF	Texas	$6,250,000	$8,700,000	39%
MC	Texas	$13,850,000	$22,600,000	63%
SNF	Colorado	$15,800,000	$21,800,000	38%
AL/MC	Colorado	$22,950,000	$29,400,000	28%
AL/MC	Arizona	$18,600,000	$22,550,000	21%
IL/AL/MC	Texas	$53,600,000	$70,500,000	32%
MC	Oklahoma	$9,500,000	$11,800,000	24%
AL	Washington	$16,300,000	$20,100,000	23%
AL/MC	California	$24,500,000	$31,750,000	30%
IL/AL/MC	Indiana	$30,850,000	$46,900,000	52%
AL/MC	Pennsylvania	$24,500,000	$38,250,000	56%
IL/AL/MC	Oklahoma	$24,500,000	$40,100,000	64%
AL/MC	Colorado	$18,450,000	$28,200,000	53%
IL/AL/MC	Wisconsin	$16,800,000	$21,400,000	27%
IL/AL/MC	Oregon	$25,000,000	$45,900,000	84%
AL/MC	California	$27,500,000	$39,700,000	44%
MC	Indiana	$9,700,000	$16,700,000	72%
AL/MC	Texas	$13,230,000	$23,300,000	76%
AL/MC	Virginia	$35,200,000	$55,100,000	57%
AL/MC	New Jersey	$21,725,000	$40,300,000	86%
AL/MC	Florida	$29,550,000	$34,100,000	15%
IALF	California	$15,550,000	$25,800,000	66%
SNF	Texas	$9,650,000	$12,900,000	34%

These are just a few of many examples we have on file of the combined entrepreneurial incentive/intangible value anticipated by active seniors housing developers. In many cases, a lower percentage will be realized, and in a few cases, a higher percentage will be realized. Based upon the preceding, we will conservatively forecast the combined entrepreneurial incentive/intangible value to be 30%, allocated 15% to entrepreneurial incentive and 15% to intangible value. The entrepreneurial profit is a component of cost and is included in the replacement cost new. The intangible value is a component of value and is added after depreciation.

Direct and Indirect Costs

Item		Replacement Cost New
Direct Costs	$394.02	$43,425,402
Financing Costs	4%	$1,737,016
Pre-Opening Marketing	0%	$0
Lost Income During Lease-Up	5%	$2,171,270
Cost of CON and/or License	5%	$2,171,270
Total Direct and Indirect Costs		**$49,504,958**
Entrepreneurial Incentive	15%	$7,425,744
Total Costs		**$56,930,702**

Replacement Cost of FF&E

The average cost per unit of FF&E for the Cost Comparables previously presented was $12,191 per unit. Given the subject property is a brand new development and is of superior quality, the comparables do not accurately reflect the expected value of the FF&E. Therefore, this analysis reconciles above the range of the comparables to reflect the subject properties superior qualities. We will use this to estimate the subject's FF&E cost:

Estimated FF&E Cost

Subject's Units	X	FF&E Cost Per Unit	=	FF&E Cost New	FF&E Cost New Rounded
90	X	$17,000	=	$1,530,000	$1,530,000

Analysis of Depreciation

We will measure physical depreciation using the modified age/life method. The subject's effective age is 1 year, while the total economic life is 60 years. The FF&E has also depreciated. FF&E depreciates more rapidly that real property, often requiring replacement several times during the life of a real estate asset. We will use an average economic life of 15 years for the subject's FF&E.

Physical Depreciation to Real Estate

Replacement Cost New				$56,930,702
Times Percent Depreciated	1	/	60	-1.7%
Total Incurable Depreciation				($948,845)
Rounded				($950,000)

Physical Depreciation to FF&E

Replacement Cost New				$1,530,000
Times Percent Depreciated	2	/	15	-13.3%
Total Incurable Depreciation				($204,000)
Rounded				($200,000)

Physical Depreciation to FF&E Upon Stabilization

Replacement Cost New				$1,530,000
Times Percent Depreciated	4	/	15	-26.7%
Total Incurable Depreciation				($408,000)
Rounded				($410,000)

Cost Approach Summary

Cost Approach Summary

Building Area Square Feet	110,210
Number of Operating Beds	160

Item	Dollars	Per Square Foot	Per Bed
Direct Costs	$43,425,402	$394.02	$271,409
Indirect Costs	$6,079,556	$55.16	$37,997
Entrepreneurial Incentive	$7,425,744	$67.38	$46,411
Total Cost New	**$56,930,702**	**$516.57**	**$355,817**
Less Physical Deterioration Curable	$0	$0.00	$0
Less Physical Deterioration Incurable	($950,000)	($8.62)	($5,938)
Less Functional Obsolescence Curable	$0	$0.00	$0
Less Functional Obsolescence Incurable	$0	$0.00	$0
Less External Obsolescence	$0	$0.00	$0
Depreciated Value of the Improvements	**$55,980,702**	**$507.95**	**$349,879**
Plus Land Value As Though Vacant	$5,390,000	$48.91	$33,688
Total Indicated Value of Real Property	**$61,370,702**	**$556.85**	**$383,567**
Total Indicated Value of Real Property, Rounded	**$61,370,000**	**$556.85**	**$383,563**
Plus Replacement Cost of FF&E, Rounded	$1,530,000	$13.88	$9,563
Less Depreciation of FF&E, Rounded	($200,000)	($1.81)	($1,250)
Net Depreciated Value of FF&E	**$1,330,000**	**$12.07**	**$8,313**
Cost Approach Value Before Intangibles	**$62,700,000**	**$568.91**	**$391,875**
Estimated Intangible Asset Value, Rounded	$9,410,000	$85.38	$58,813
Cost Approach Value Before Adjustments	**$72,110,000**	**$654.30**	**$450,688**
Less Income Loss to Stabilization	$15,220,000	$138.10	$95,125
Less Repairs	$0	$0.00	$0
Less Profit for Lease Up Risk	$2,280,000	$20.69	$14,250
Plus Excess Land	$0	$0.00	$0
Total Indicated Value Via the Cost Approach	**$54,600,000**	**$495.42**	**$341,250**

Since the analysis considered all components of cost including entrepreneurial profit/intangible value, the value indication is for the going concern on a stabilized basis. Adjustments were made, if required, for rent loss during absorption, repairs, and excess land to get to the as is value.

Insurable Replacement Cost

Our estimate of insurable replacement cost is below. Unlike market value, there are multiple definitions for insurable replacement cost, with some excluding or including different items, so the calculations below may not meet the specifications set forth in some insurance policies.

Insurable Replacement Cost

Reconciled Cost Per SF	$394.02
Less Site Improvements Cost Per SF	($5.44)
Less Foundations	($3.00)
Less Site Work	($3.00)
Less Architect Fees	($15.76)
Cost Per Square Foot after Exclusions	**$366.82**
Inclusions	$0.00
Concluded Cost Per Square Foot	**$366.82**
Times Building Area	110,210
Insurable Replacement Cost	**$40,427,126**
Rounded	$40,430,000

Absorption and Income Loss Analysis

In this section, we will estimate the subject's absorption and the corresponding income loss during the lease-up period needed for the subject to reach the forecasted stabilized occupancy level.

Current Status

As of the effective date of this analysis, the subject was 25.0% occupied, whereas our forecast of stabilized occupancy is 93.0%.

Based on discussions with owners, operators and brokers, due to COVID-19 subject operations are expected to be impacted in the short term, notably longer lease-up timelines over the next several months. Therefore, JLL conclusions fall at the lower end of indications below.

Absorption

The subject's forecasted occupancy is as follows:

Payor Mix and Projected Resident Day Occupancy

	Year 1		Year 2		Year 3	
Payor Source	Days	%	Days	%	Days	%
Private Pay Nursing	3,105	7.2%	4,052	7.5%	4,073	7.5%
Ins./Managed Care Nursing	3,105	7.2%	4,052	7.5%	4,073	7.5%
Medicaid Nursing	25,915	60.5%	29,710	55.0%	29,058	53.5%
Medicare Nursing	10,708	25.0%	16,206	30.0%	17,109	31.5%
VA/Hospice Nursing	0	0.0%	0	0.0%	0	0.0%
Total	42,833	100.0%	54,020	100.0%	54,313	100.0%
Available (Operating) Beds	160		160		160	
Available Res. Days	58,400		58,400		58,400	
Occupancy Rate	73.3%		92.5%		93.0%	

The subject is forecast to achieve stabilized operations in Year 2 with Year 3 representing the first stabilized year. The forecast lease-up in the proforma suggests a lease-up of 9.8 units per month in Year 1. While a month by month breakdown is not provided in the proforma, the assumed lease-up time in the proforma is 18 to 24 months.

NIC MAP tracks move-in rates for properties in the 31 largest US markets. This data will aid in the establishment of an absorption rate for the subject.

National Absorption Averages Units

Quarter	Independent Living	Assisted Living	Memory Care
2Q13	5.0	3.0	1.8
3Q13	5.4	2.9	1.6
4Q13	5.1	2.8	1.7
1Q14	4.7	2.9	1.9
2Q14	6.0	2.8	1.8
3Q14	5.8	3.1	1.7
4Q14	4.5	3.2	1.8
1Q15	4.5	2.8	1.8
2Q15	5.2	3.0	1.7
3Q15	5.7	3.3	1.7
4Q15	5.3	3.0	1.6
1Q16	5.6	2.7	1.5
2Q16	5.4	2.6	1.4
3Q16	4.8	2.4	1.3
4Q16	6.2	2.7	1.3
1Q17	5.0	2.8	1.3
2Q17	4.9	2.9	1.5
3Q17	5.2	3.0	1.3
4Q17	4.8	2.8	1.3
1Q18	4.0	2.8	1.3
2Q18	4.0	2.8	1.3
3Q18	4.9	2.7	1.3
4Q18	4.4	2.6	1.3
1Q19	4.4	2.5	1.2
2Q19	4.4	2.5	1.2

Based upon this data and considering the prevailing market occupancy level, we are forecasting that the subject will require 24 months to reach stabilized occupancy, which equates to an average absorption rate of 4.53 beds per month.

Income Loss Forecast

Net operating income (NOI) during the forecasted months of remaining absorption is projected in the tables that follow, based upon the preceding assumptions. The income loss is not discounted as it is a negative rather than positive cash flow.

Income Loss During Absorption

Pro Forma EGI	$26,084,380
Pro Forma Expenses at Stabilization	$18,164,995
Pro Forma NOI	$7,919,385
Starting Physical Occupancy Level	25%
Starting Economic Occupancy Level	27%
Total Absorption Period (Months)	24
Beginning Expenses (as a Percent of Total)	75%

Month	Forecast % of EGI Earned	Pro Forma EGI	Projected EGI	Forecast % of Expenses Incurred	Pro Forma Expenses	Forecast Expenses	Forecast NOI	Pro Forma NOI	Income Loss (Variance Between Pro Forma NOI and Forecast NOI)
1	26.9%	$2,173,698	$584,328	75.0%	1,513,750	$1,135,312	($550,985)	$659,949	$1,210,933
2	29.9%	$2,173,698	$650,551	76.0%	1,513,750	$1,151,080	($500,529)	$659,949	$1,160,478
3	33.0%	$2,173,698	$716,775	77.1%	1,513,750	$1,166,849	($450,074)	$659,949	$1,110,022
4	36.0%	$2,173,698	$782,999	78.1%	1,513,750	$1,182,617	($399,618)	$659,949	$1,059,567
5	39.1%	$2,173,698	$849,223	79.2%	1,513,750	$1,198,385	($349,162)	$659,949	$1,009,111
6	42.1%	$2,173,698	$915,446	80.2%	1,513,750	$1,214,153	($298,707)	$659,949	$958,656
7	45.2%	$2,173,698	$981,670	81.3%	1,513,750	$1,229,922	($248,251)	$659,949	$908,200
8	48.2%	$2,173,698	$1,047,894	82.3%	1,513,750	$1,245,690	($197,796)	$659,949	$857,745
9	51.3%	$2,173,698	$1,114,118	83.3%	1,513,750	$1,261,458	($147,340)	$659,949	$807,289
10	54.3%	$2,173,698	$1,180,342	84.4%	1,513,750	$1,277,226	($96,885)	$659,949	$756,833
11	57.3%	$2,173,698	$1,246,565	85.4%	1,513,750	$1,292,994	($46,429)	$659,949	$706,378
12	60.4%	$2,173,698	$1,312,789	86.5%	1,513,750	$1,308,763	$4,026	$659,949	$655,922
13	63.4%	$2,217,172	$1,406,593	87.5%	1,544,025	$1,351,021	$55,572	$673,148	$617,576
14	66.5%	$2,217,172	$1,474,141	88.5%	1,544,025	$1,367,105	$107,036	$673,148	$566,111
15	69.5%	$2,217,172	$1,541,690	89.6%	1,544,025	$1,383,189	$158,501	$673,148	$514,647
16	72.6%	$2,217,172	$1,609,238	90.6%	1,544,025	$1,399,272	$209,966	$673,148	$463,182
17	75.6%	$2,217,172	$1,676,786	91.7%	1,544,025	$1,415,356	$261,430	$673,148	$411,717
18	78.7%	$2,217,172	$1,744,334	92.7%	1,544,025	$1,431,439	$312,895	$673,148	$360,253
19	81.7%	$2,217,172	$1,811,883	93.7%	1,544,025	$1,447,523	$364,360	$673,148	$308,788
20	84.8%	$2,217,172	$1,879,431	94.8%	1,544,025	$1,463,607	$415,824	$673,148	$257,323
21	87.8%	$2,217,172	$1,946,979	95.8%	1,544,025	$1,479,690	$467,289	$673,148	$205,859
22	90.9%	$2,217,172	$2,014,528	96.9%	1,544,025	$1,495,774	$518,754	$673,148	$154,394
23	93.9%	$2,217,172	$2,082,076	97.9%	1,544,025	$1,511,857	$570,218	$673,148	$102,929
24	97.0%	$2,217,172	$2,149,624	99.0%	1,544,025	$1,527,941	$621,683	$673,148	$51,465
Total									$15,215,379
Total Discounted Income Loss Rounded									**$15,220,000**

The total indicated income loss during absorption is $15,220,000.

Conclusion

Market Value of the Specified Assets of the Business As Is, Fee Simple Estate

The following indications of value have been developed for the subject:

Value Indications

Approach to Value	Value Indication
The Income Capitalization Approach - Direct Capitalization	$54,500,000
The Income Capitalization Approach - Yield Capitalization	$59,100,000
The Sales Comparison Approach	$57,300,000
The Cost Approach	$54,600,000

The direct capitalization method was developed for this report. The income capitalization process is well supported and highly pertinent to the appraisal of income property such as the subject. Market rent was estimated after a review of competing local properties. Total income and expenses were estimated based upon analysis of similar income and expense comparables with consideration to the subject's forecasted expenses. This is the approach most utilized in the market and is considered the most relevant approach to valuing the subject.

We also developed the yield capitalization approach (DCF analysis). This approach is widely used by sophisticated investors and is highly relevant.

The sales comparison approach was also developed and is relatively well supported. Market participants rely upon sales to provide general ranges for valuation purposes, but generally place much more weight on the income approach.

The cost approach was developed in this appraisal. Buyers of senior housing properties place little credence in the cost approach. While the subject property is a newly constructed facility with little depreciation, market participants typically place less weight on the cost approach. Thus, the cost approach is given little consideration.

After consideration of the reliability and relevance of each approach, the income approach - direct capitalization and yield capitalization methods are given equal weight, with the sales comparison approach providing added support. The indicated value is $56,800,000.

Prospective Market Value of the Specified Assets of the Business Upon Stabilization

We have already developed as estimate of value for the subject based upon being stabilized now, via direct capitalization. The forecast date of stabilization is 24 months from the current effective date of value. Thus, the prospective value is developed based upon a 3.0% annual escalation in income, expenses and value over the 24 month lease-up period. The resulting prospective market value of the specified assets of the business upon stabilization is $74,900,000.

Value Allocation

The above concluded value is on a going concern basis. In order to allocate the going concern value, several different methodologies can be used. These include the lease analysis, the management fee capitalization method, and the cost residual method. REITs and other buyers of nursing facility real estate typically determine market rent based upon a lease coverage ratio. According to Health Care REIT, HCP, Healthcare Trust of America and Aviv REIT, a typical lease coverage ratio for assisted living is 1.01 or higher, and typical coverage for a nursing facility is 1.3 or higher. For purposes of this analysis, a coverage ratio of 1.50 is used.

Lease Analysis

The lease analysis determines the value of the real estate and FF&E based upon facility lease data excluding intangibles. The residual is then allocated to intangibles.

For the lease analysis, we utilize our pro forma NOI. From this, we determine the value associated with the real estate based income stream. This is this capitalized at a lower rate than the going concern NOI due to the lower risk factor.

For comparison purposes, the capitalization rate used is 9.00% based upon recent REIT transactions noted below. The value of the FF&E is estimated based upon a typical cost per unit less depreciation. Examples of relevant transactions in support of our forecasts include:

Leased Fee Sale Comparables

Property/Portfolio	Facility Type	Number of Beds/Units	State (s)	Date of Sale	Year 1 Rent	Year 1 NOI	Sales Price	Lease Coverage Ratio	Cap Rate
Laurel Health Care	SNF, AL	2,777	Various	No Sale Date	$25,925,000	$36,500,000	No Sale	1.41	No Sale
Platinum Portfolio	SNF, AL	937	Various	No Sale Date	$9,880,000	$11,790,000	No Sale	1.19	No Sale
Prelude at Woodbury	SNF, AL	30	MN	No Sale Date	$3,287,000	$4,273,100	No Sale	1.30	No Sale
Village at Richardson	SNF	206	TX	No Sale Date	$1,377,500	$1,719,071	No Sale	1.25	No Sale
Friendship Haven SNF	SNF	137	TX	No Sale Date	$1,312,500	$2,075,526	No Sale	1.58	No Sale
FL& NH SNFs	SNF	1,324	FL, NH	No Sale Date	$12,060,000	$16,281,000	No Sale	1.35	No Sale
2 TX SNFs	SNF	264	TX	No Sale Date	$2,349,000	$3,405,000	No Sale	1.45	No Sale
Highbridge Bronx, NY	SNF	90	NY	No Sale Date	$1,530,000	$2,140,618	No Sale	1.40	No Sale
Dallas SNF	SNF	126	TX	No Sale Date	$1,360,000	$1,904,000	No Sale	1.40	No Sale
The Oaks	SNF	59	CA	No Sale Date	$670,000	$970,000	No Sale	1.45	No Sale
20 Sabra & Genesis	SNF	1,835	KY, OH, IN	December-17	$9,300,000	$15,169,264	$103,300,000	1.63	9.00%
5 Metron Skilled Nursing	SNF	416	MI	March-18	$3,735,000	$5,415,704	$41,250,000	1.45	9.05%
Providence Group	SNF	528	CA	October-17	$6,072,000	N/A	$69,120,000	-	8.78%
Carespring Portfolio	SNF, AL	1,147	OH,KY	September-18	$16,200,000	$23,616,895	$183,050,000	1.46	8.85%
Five Oaks	SNF	268	WA	October-17	$1,140,000	N/A	$12,120,000	-	9.41%
Cascadia Healthcare	SNF	571	ID	9/17 & 10/17	$5,916,000	N/A	$65,315,000	-	9.06%
Priority Management Group	SNF	405	TX	September-17	$1,850,000	N/A	$20,285,000	-	9.12%
Cascadia Healthcare	SNF	76	WA	September-17	$120,000	N/A	$895,000	-	13.41%
2 IN SNFs - Med Equities (Includes UPL)	SNF	160	IN	August-17	$1,350,000	$2,358,948	$15,000,000	1.75	9.00%
Cascadia Healthcare	SNF	53	OR	July-17	$362,000	N/A	$3,995,000	-	9.06%
Illinois SNF Portfolio	SNF	N/A	IL	March-17	$2,920,000	N/A	$29,200,000	-	10.00%
WLC Management	SNF	99	IL	July-17	$372,000	N/A	$3,668,000	-	10.14%
CareTrust REIT & On Pointe Health	SNF	262	TX/NM	June-17	$2,455,000	N/A	$27,316,000	-	8.99%
Cascadia Healthcare	SNF	119	ID	May-17	$588,000	N/A	$6,475,000	-	9.08%
Eldercare Services/Med Equities	SNF	130	CT	May-17	$900,000	N/A	$10,000,000	-	9.00%
Brightpointe at Rivershire	SNF	150	TX	March-17	$1,547,871	$2,832,604	$15,300,000	1.83	10.12%
The Ensign Group	SNF	126	TX	February-17	$1,160,650	N/A	$13,900,000	-	8.35%
CareTrust REIT & WLC Management	SNF	455	IL	February-17	$2,915,000	N/A	$29,200,000	-	9.98%
4 SNF/ALFs in Dallas Fort Worth	SNF, AL	568	TX	December-16	$8,600,000	N/A	$95,900,000	-	8.97%
OH SNFs -2	SNF	N/A	OH	April-16	$1,410,000	$1,900,000	$14,700,000	-	9.59%
Symphony Post Acute	SNF	N/A	IL	November-15	$24,200,000	N/A	$276,200,000	-	8.76%
Old Mill Rehab	SNF	44	NE	October-15	$1,012,275	$1,707,028	$13,011,247	1.69	7.78%
Pristine Portfolio	SNF, AL	N/A	OH	October-15	$17,200,000	N/A	$175,000,000	-	9.83%
10 Texas SNFs	SNF	1,142	TX	July-15	$12,325,000	$15,567,134	$145,000,000	1.26	8.50%
NMS Healthcare	SNF	678	MD	June-15	$20,475,500	$30,712,500	$234,000,000	1.50	8.75%
Aviv Portfolio	SNF	26520	US	March-15	$201,000,000	$251,250,000	$3,000,000,000	1.25	6.70%
Vista at Westover	SNF	120	TX	February-15	$1,500,000	$2,114,449	$20,000,000	1.41	7.50%
Bethany Rehab	SNF	170	CO	February-15	$1,700,000	$2,251,828	$17,950,000	1.32	9.47%
LOW								**1.19**	**6.70%**
AVERAGE								**1.44**	**9.15%**
HIGH								**1.83**	**13.41%**

The resulting allocation is as follows:

Lease Coverage Method

	As Is	Upon Stabilization
Forecast NOI	$7,919,385	$8,236,161
Divided by Market Lease Coverage Ratio	1.50	1.50
Income Attributable to Real Estate and FF&E	$5,279,590	$5,490,774
Divided by NNN Cap Rate	9.00%	9.00%
Indicated Value of Real Estate and FF&E	$58,662,112	$61,008,601
Rounded	$58,660,000	$61,010,000
Allocated Value of FF&E	$1,330,000	$1,330,000
Allocated Value of Land	$5,390,000	$5,390,000
Allocated Value of Improvements	$51,940,000	$54,290,000
Indicated Value of Intangibles	-$4,160,000	$13,890,000

Management Fee Capitalization Method

For the management fee capitalization method, we will assume that the forecasted management fee reflects income attributable to the business value of the subject. We will then capitalize this

amount at a higher rate due to the increased risk associated with the business value of the subject. The management fee capitalization method is based upon the Rushmore method commonly used in the valuation of hotels/motels. The capitalization rate used is based upon property management company transactions procured from the BIZCOMPS database summarized below:

Property Management Company Sale Comparables

Business Description	Location	Date of Sale	Earnings	Sales Price	Cap Rate
Property Management	Florida	August-17	$116	$225	51.56%
Property Management	Florida	May-17	$46	$120	38.33%
Property Management	Nevada	April-17	$95	$462	20.56%
Property Management	Florida	February-17	$414	$1,485	27.88%
Property Management	Colorado	December-16	$297	$800	37.13%
Property Management	Florida	August-16	$115	$253	45.45%
Property Management	Florida	July-16	$100	$235	42.55%
Property Management	California	February-16	$127	$425	29.88%
Property Management	Montana	December-15	$24	$65	36.92%
Property Management	California	June-15	$160	$595	26.89%
Property Management	Texas	March-15	$150	$360	41.67%
Property Management	Florida	October-14	$279	$850	32.82%
Property Management	Florida	July-14	$110	$280	39.29%
Property Management	Florida	June-14	$106	$275	38.55%
AVERAGE					**36.39%**

Amounts displayed in thousands.

Based upon these comparables, a capitalization rate of 35.00% is deemed appropriate. This calculation is shown below:

Management Capitalization Method

	As Is	Upon Stabilization
Forecast Management Fee	$1,304,219	$1,356,388
Divided by Management Fee Cap Rate	35.00%	35.00%
Indicated Value of Intangibles	$3,726,340	$3,875,394
Rounded	$3,730,000	$3,880,000

Cost Residual Method

For this methodology, we will utilize the cost approach. Our concluded cost approach value before intangibles is deducted from our as is value conclusion to determine the intangible value for the subject. This calculation is shown below:

Cost Residual Method

	As Is	Upon Stabilization
Market Value of the Specified Assets of the Business	$56,800,000	$74,900,000
Less Concluded Cost Approach Value Before Intangibles	$62,700,000	$62,700,000
Indicated Value of Intangibles	-$5,900,000	$12,200,000

Allocation Conclusion

The concluded business values, utilizing the above methods, are shown below. It is noted that we have equally weighted each approach in our determination of intangible values for the subject. For any approach resulting in negative intangible value, we have not forecasted any intangibles. The concluded intangible values are therefore based upon the averages of the methods below.

Intangible Value Conclusions

	As Is	Upon Stabilization
Lease Coverage Method	$0	$13,890,000
Cost Residual Method	$0	$12,200,000
Indicated Value of Intangibles	**$0**	**$13,890,000**

The resulting allocation of the subject's as-is value is as follows:

Value Allocation(s)

	As Is	Upon Stabilization
Real Property	$55,470,000	$59,890,000
FF&E	$1,330,000	$1,120,000
Intangible Value	$0	$13,890,000
Market Value of the Specified Assets of the Business	**$56,800,000**	**$74,900,000**

Exposure Time

Our estimate of value is based upon a typical exposure time for the property type being appraised. Exposure time is assumed to precede the effective date of value. Exposure times vary widely from property to property and are dependent upon a number of factors. These can include the motivation of the owner, the price that the property is offered for sale, the effectiveness of the marketing plan, the availability of financing, etc. We surveyed active market participants, including brokers and buyers, to determine a typical marketing time for seniors housing properties. The respondents were offered the following choices:

A. 3 months

B. 6 months

C. 9 months

D. 12 months

E. More than 12 months

The majority, being 35.8% of total respondents, indicated selection B, while 30.2% indicated selection C. Given the market uncertainly and volatility, exposure times are currently difficult to predict. Based upon these responses, we conclude that an exposure period of nine months would be necessary to sell the subject.

Marketing Time – JLL Seniors Housing Investor Survey (Spring 2020)

Exposure time is assumed to precede the date of value while marketing time is the estimated time from the date of value that would be required to sell the property. When market conditions are stable and not expected to change, exposure time and marketing time are generally the same.

Respondents were asked a typical marketing time for a seniors housing asset, defined as the number of months between the date a community is listed through the date of closing. Most respondents, at 53 percent, indicated an average marketing time of six months, with less than six months coming in second at 20 percent of respondents, indicating a seller's market.

All Property Types Marketing Time	Respondents %
Less than 6 months	20.0
6 months	53.0
9 months	19.0
12 months	3.0
Greater than 12 months	5.0

Given the market uncertainly and volatility, marketing times are currently difficult to predict. As such, we have estimated marketing time to also be nine months.

Final Value Estimate(s)

Our analyses and forecasts result in the value conclusion(s) below, which are based upon assumptions, limiting conditions, and definitions presented in this report.

Value Conclusion(s)

Scenario	Effective Date	Conclusion
Market Value of the Specified Assets of the Business As Is, Fee Simple Estate	April 3, 2020	$56,800,000
Prospective Market Value of the Specified Assets of the Business Upon Stabilization	April 3, 2022	$74,900,000

Our valuation of the subject is based on payment of the consideration in cash. The valuation is based upon a reasonable exposure time of nine months prior to the effective date of value. The estimated marketing period is also nine months.

Appendix A

Legal Description

SCHEDULE A *(Description)*

ALL that certain plot, piece or parcel of land, situate, lying and being in the City of White Plains, County of Westchester and State of New York. Said parcel being more particularly described as follows:

BEGINNING at a point in the easterly line of Church Street where the same is intersected by the southerly line of Barker Avenue;

RUNNING THENCE from said point North 70 degrees 40 minutes 10 seconds East a distance of 173.57 feet along the southerly line of Barker Avenue to a point where the same is intersected by the divisions line herein described parcel on the west and lands now or formerly of Koeppel & Mohr Equities on the East;

THENCE from said point and along said divisions line South 17 degrees 59 minutes 50 seconds East a distance of 200.51 feet to a point in the division line between the herein described parcel on the north and lands now or formerly of Hamilton Plaza Company, Inc. on the south;

THENCE from said point and along said line South 71 degrees 01 minutes 50 seconds West a distance of 173.24 feet to the easterly line of Church Street; and

THENCE from said point and along said line North 18 degrees 05 minutes 04 seconds West a distance of 199.41 feet to the point and place of BEGINNING.

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Appendix B

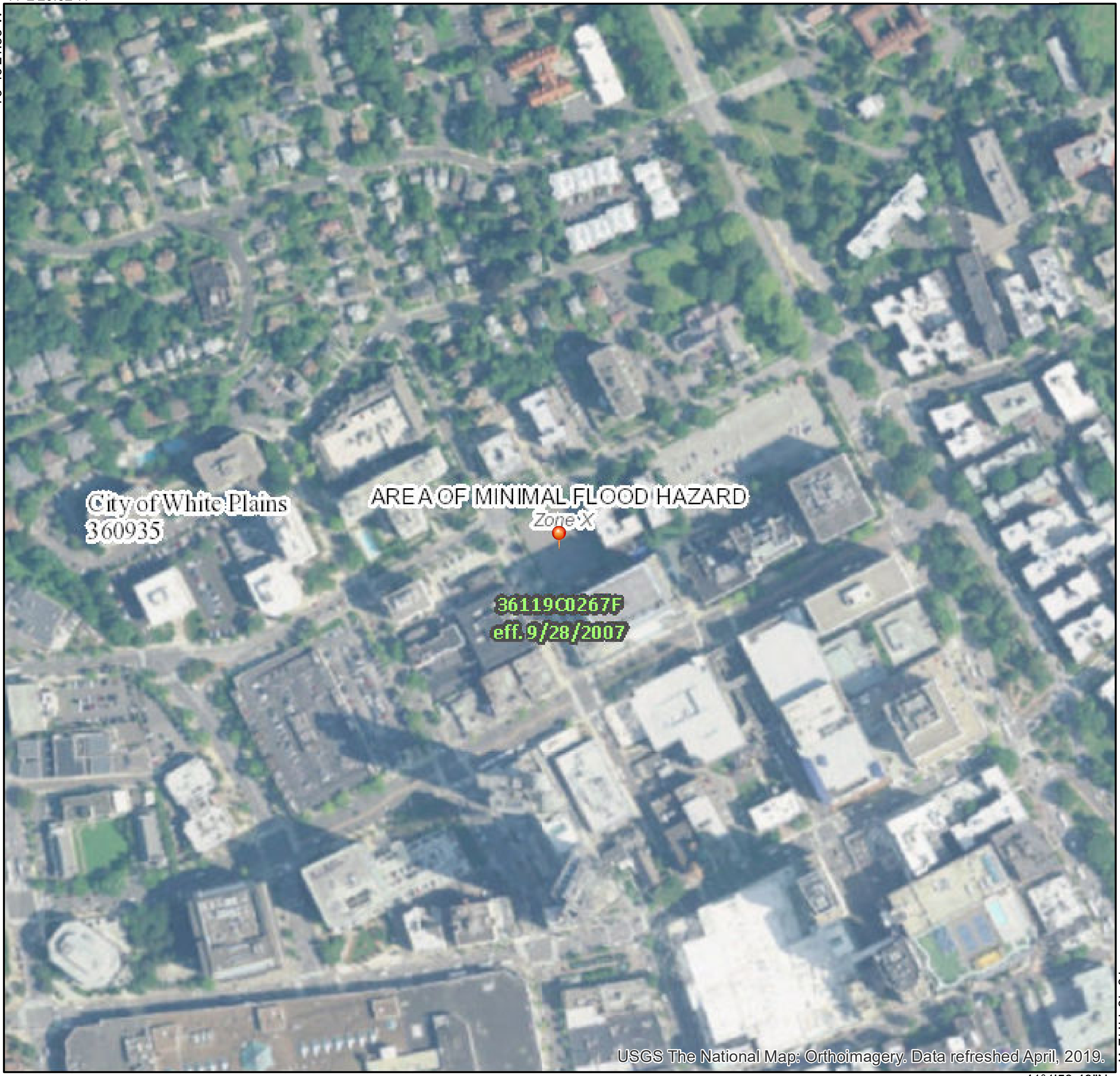
Maps, Plats, Building Plans

National Flood Hazard Layer FIRMette

FEMA

41°2'20.62"N

73°46'21.88"W



73°45'44.42"W

41°1'53.49"N

Feet 0 250 500 1,000 1,500 2,000

1:6,000

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS	Without Base Flood Elevation (BFE) *Zone A, V, A99* With BFE or Depth *Zone AE, AO, AH, VE, AR* Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD	0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile *Zone X* Future Conditions 1% Annual Chance Flood Hazard *Zone X* Area with Reduced Flood Risk due to Levee. See Notes. *Zone X* Area with Flood Risk due to Levee *Zone D*
OTHER AREAS	NO SCREEN Area of Minimal Flood Hazard *Zone X* Effective LOMRs Area of Undetermined Flood Hazard *Zone D*
GENERAL STRUCTURES	Channel, Culvert, or Storm Sewer Levee, Dike, or Floodwall
OTHER FEATURES	20.2 17.5 Cross Sections with 1% Annual Chance Water Surface Elevation 8 Coastal Transect 513 Base Flood Elevation Line (BFE) Limit of Study Jurisdiction Boundary Coastal Transect Baseline Profile Baseline Hydrographic Feature
MAP PANELS	Digital Data Available No Digital Data Available Unmapped

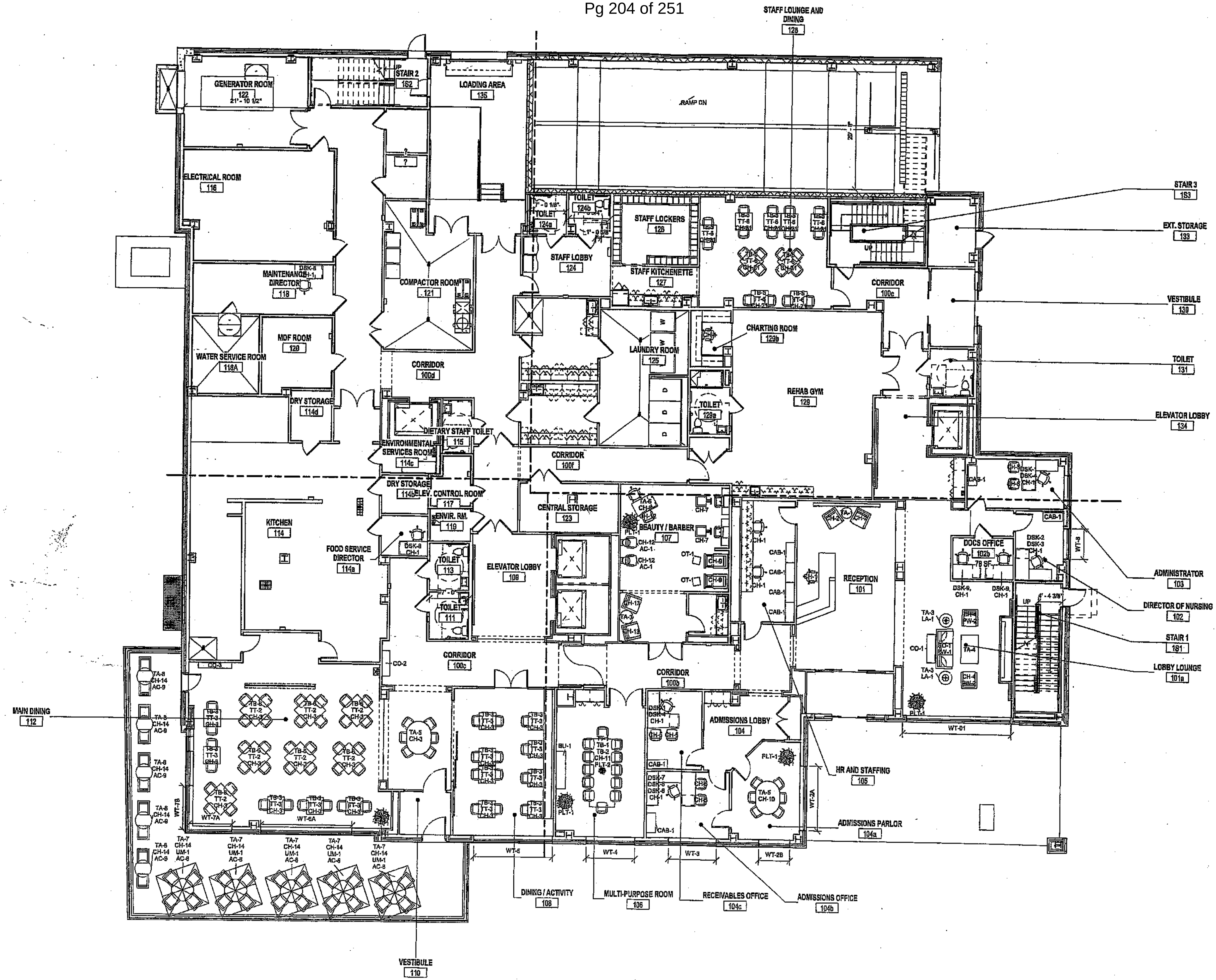
N

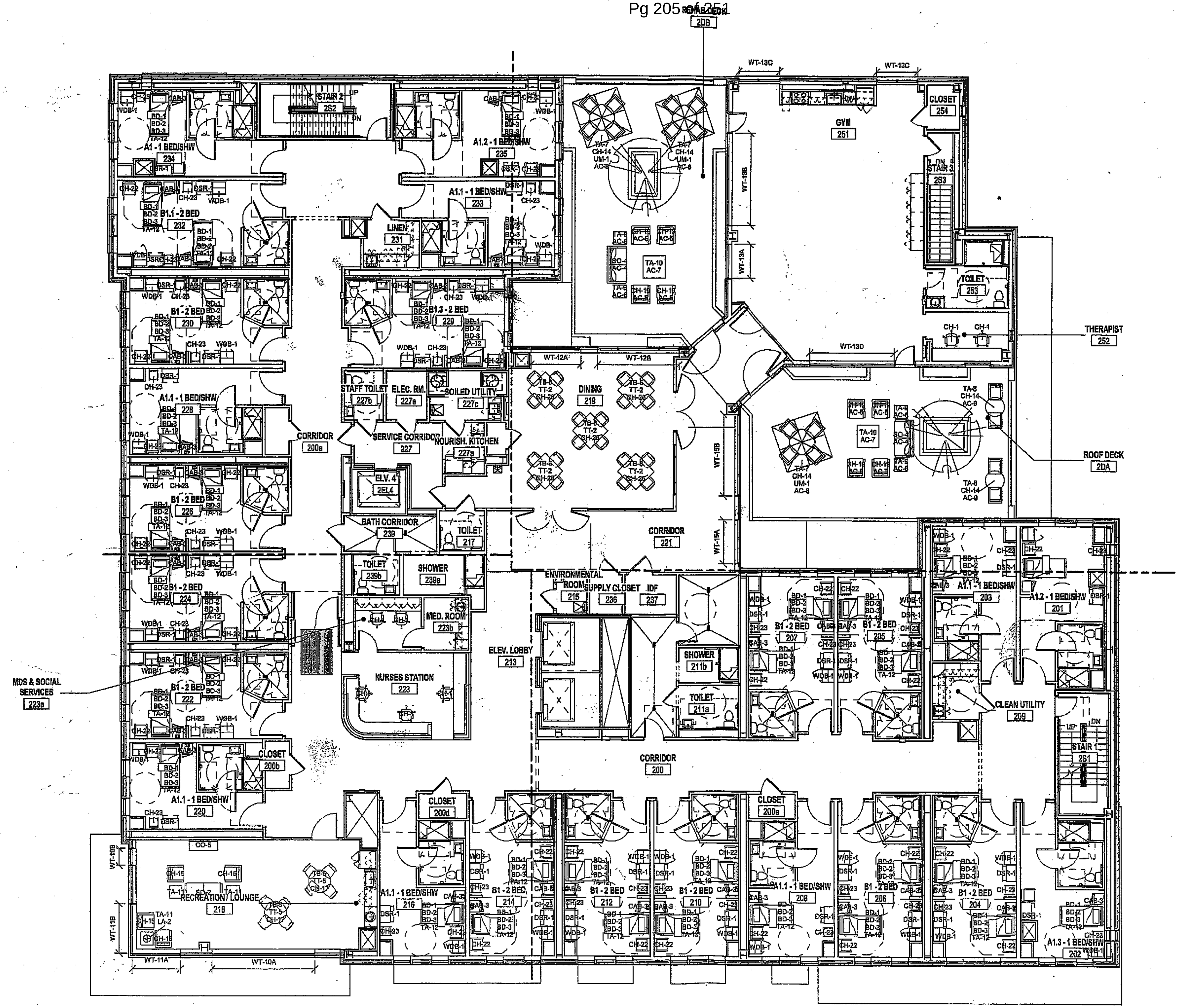
The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

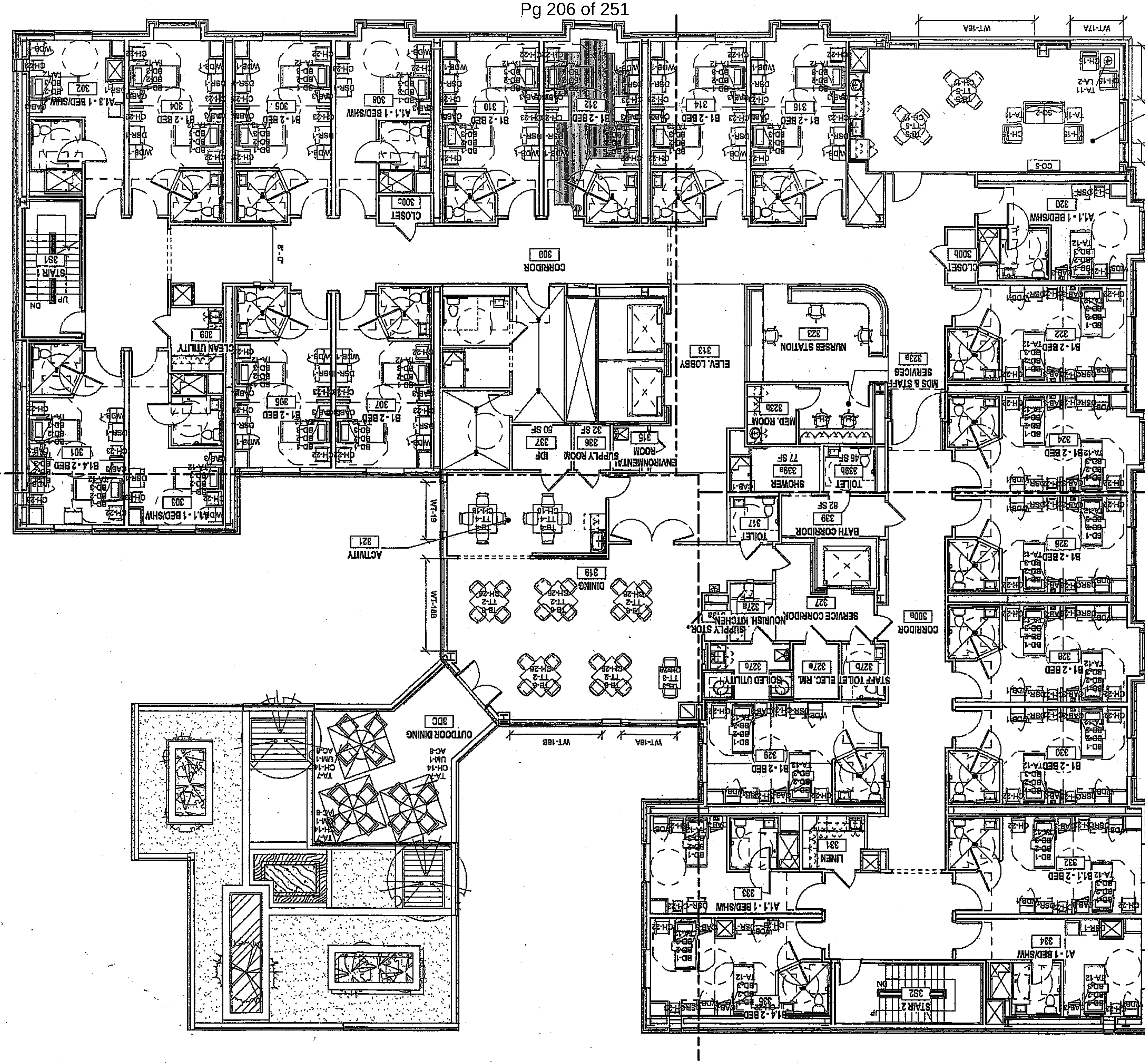
This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

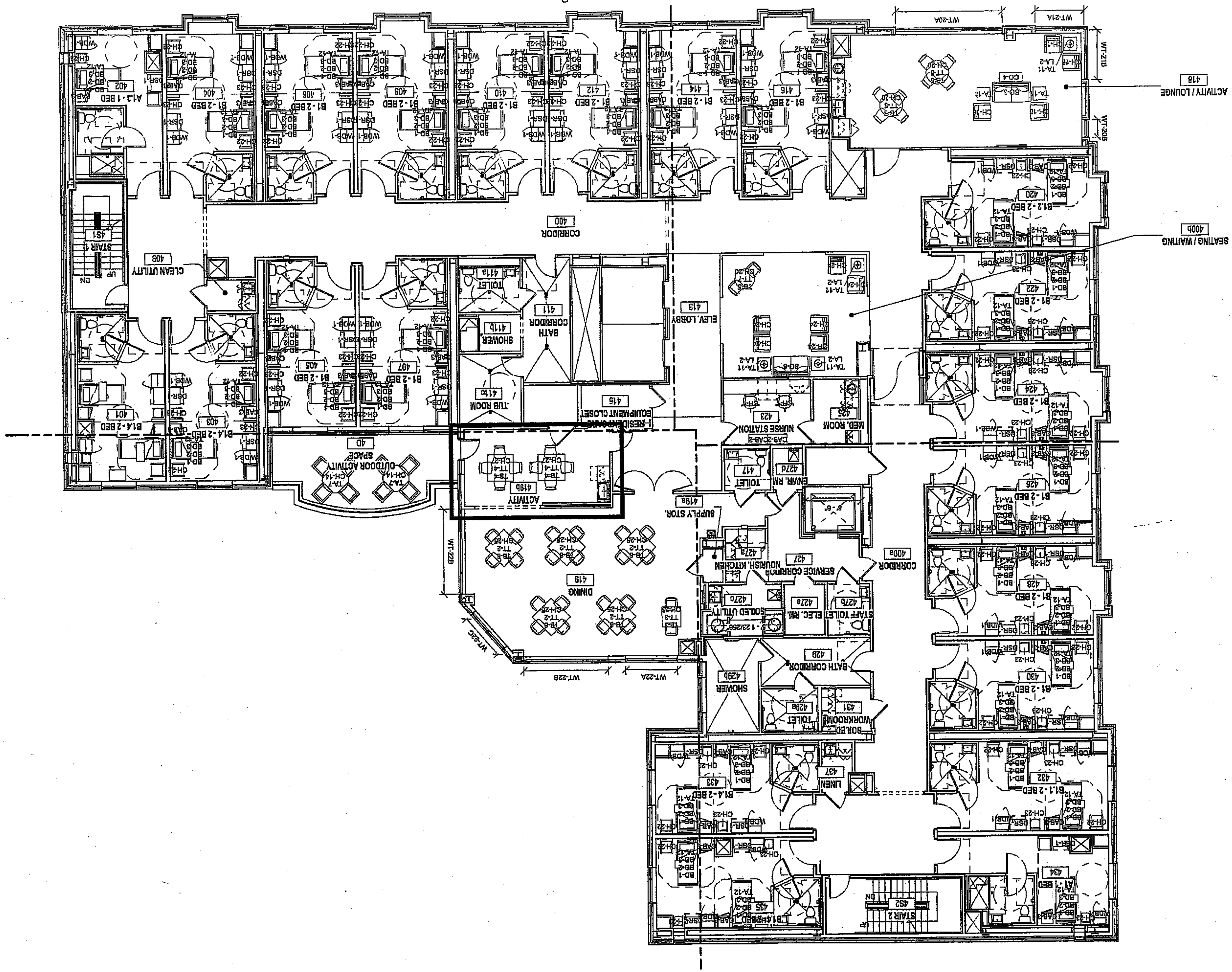
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 3/27/2020 at 12:26:33 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

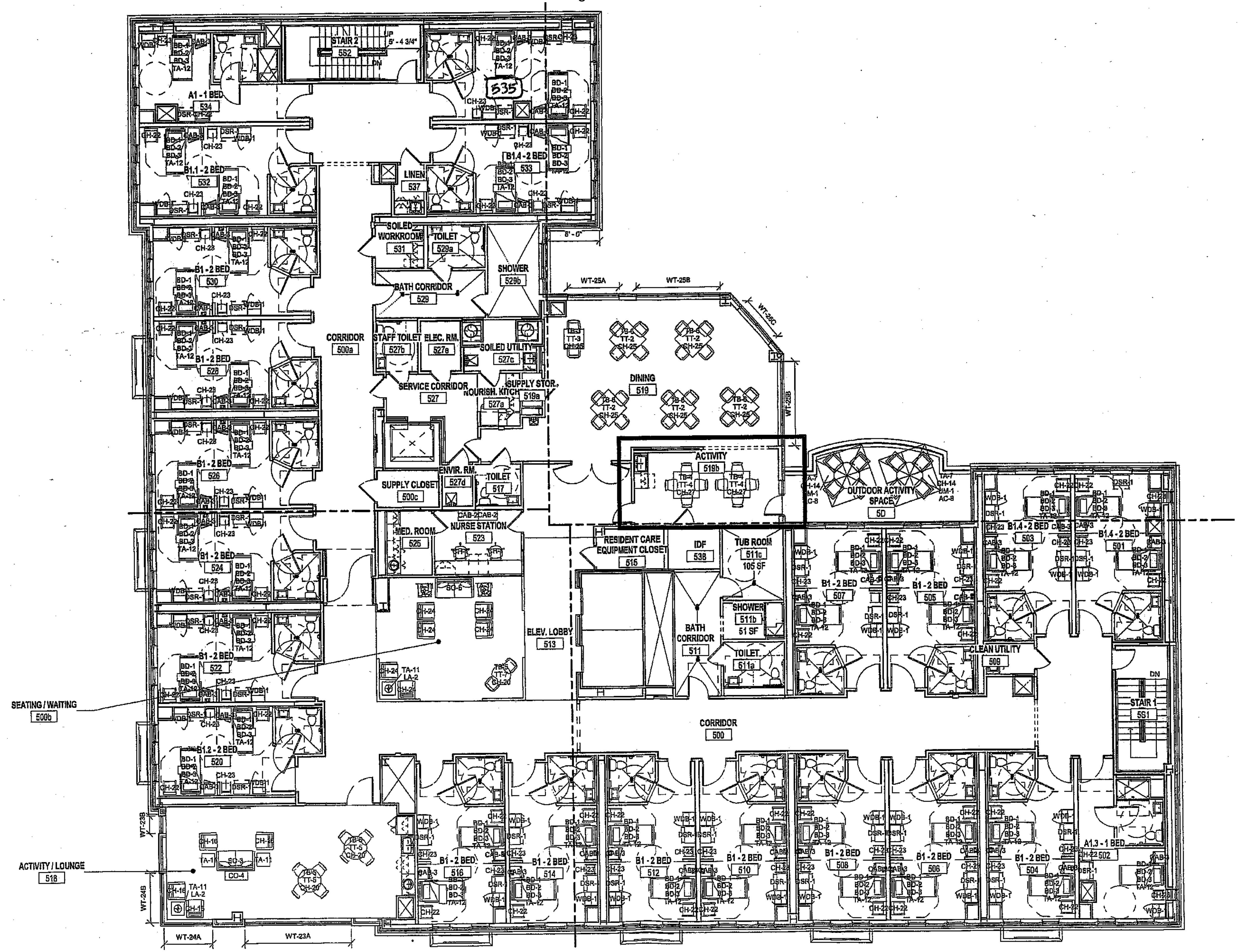
This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.


STAFF LOUNGE AND DINING 128
GENERATOR ROOM 122
STAIR 2 162
LOADING AREA 135
ELECTRICAL ROOM 116
STAIR 3 163
EXT. STORAGE 133
TOILET 124b
TOILET 124a
STAFF LOCKERS 126
STAFF LOBBY 124
STAFF KITCHENETTE 127
MAINTENANCE DIRECTOR 118
COMPACTOR ROOM 121
CORRIDOR 100e
VESTIBULE 130
WATER SERVICE ROOM 118A
MDF ROOM 120
LAUNDRY ROOM 125
CHARTING ROOM 129b
CORRIDOR 100d
TOILET 131
DRY STORAGE 114d
REHAB GYM 129
TOILET 129a
ELEVATOR LOBBY 134
DIETARY STAFF TOILET 115
ENVIRONMENTAL SERVICES ROOM 114c
CORRIDOR 100f
DRY STORAGE 114b
ELEV. CONTROL ROOM 117
CENTRAL STORAGE 123
KITCHEN 114
ENVIR. RM. 119
BEAUTY / BARBER 107
FOOD SERVICE DIRECTOR 114a
TOILET 113
ELEVATOR LOBBY 109
DOCS OFFICE 102b
ADMINISTRATOR 103
RECEPTION 101
TOILET 111
DIRECTOR OF NURSING 102
STAIR 1 161
CORRIDOR 100c
CORRIDOR 100b
LOBBY LOUNGE 101a
MAIN DINING 112
ADMISSIONS LOBBY 104
HR AND STAFFING 105
ADMISSIONS PARLOR 104a
DINING / ACTIVITY 108
MULTI-PURPOSE ROOM 106
RECEIVABLES OFFICE 104c
ADMISSIONS OFFICE 104b
VESTIBULE 110




RECREATION / LOUNGE
316
CORRIDOR
300
ELEV. LOBBY
313
NURSES STATION
323
MDS & STAFF SERVICES
323a
MED. ROOM
SHOWER
TOILET
BATH CORRIDOR
SERVICE CORRIDOR
CORRIDOR
300a
CLOSET
CLEAN UTILITY
309
SUPPLY ROOM
IDF
ACTIVITY
321
DINING
319
OUTDOOR DINING
LINEN
331
STAIR 1
351
STAIR 2
352


ACTIVITY / LOUNGE
418
SEATING / WAITING
400b
CORRIDOR
400
CLEAN UTILITY
409
STAIR 1
ELEV. LOBBY
413
NURSE STATION
423
MED. ROOM
425
DINING
419
ACTIVITY
419b
OUTDOOR ACTIVITY SPACE
SHOWER
TUB ROOM
LINEN
STAIR 2


STAIR 2
5S2
A1 - 1 BED
534
535
B1.1 - 2 BED
532
LINEN
537
B1.4 - 2 BED
533
SOILED WORKROOM
531
TOILET
529a
SHOWER
529b
BATH CORRIDOR
529
B1 - 2 BED
530
CORRIDOR
500a
STAFF TOILET
527b
ELEC. RM.
527e
SOILED UTILITY
527c
B1 - 2 BED
528
SERVICE CORRIDOR
527
NOURISH. KITCH
527a
SUPPLY STOR.
519a
DINING
519
ACTIVITY
519b
OUTDOOR ACTIVITY SPACE
5D
B1 - 2 BED
526
SUPPLY CLOSET
500c
ENVIR. RM.
527d
TOILET
517
MED. ROOM
525
NURSE STATION
523
RESIDENT CARE EQUIPMENT CLOSET
515
IDF
538
TUB ROOM
511c
105 SF
SHOWER
511b
51 SF
TOILET
511a
BATH CORRIDOR
511
B1 - 2 BED
524
B1 - 2 BED
522
ELEV. LOBBY
513
B1.4 - 2 BED
503
B1.4 - 2 BED
501
B1 - 2 BED
507
B1 - 2 BED
505
CLEAN UTILITY
509
STAIR 1
5S1
SEATING / WAITING
500b
CORRIDOR
500
B1.2 - 2 BED
520
ACTIVITY / LOUNGE
518
B1 - 2 BED
516
B1 - 2 BED
514
B1 - 2 BED
512
B1 - 2 BED
510
B1 - 2 BED
508
B1 - 2 BED
506
B1 - 2 BED
504
A1.3 - 1 BED
502
WT-25A
WT-25B
WT-25C
WT-25B
WT-23B
WT-24B
WT-24A
WT-23A

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Appendix C

Comparable Profiles

Rental Comparable Number 1

Property Identification	
Name:	Martine Center for Nuring and Rehabilitation
Address:	12 Tibbets Avenue
Municipality:	White Plains
State:	New York
Zip Code:	10608
Phone Number:	914-287-7200

Physical Data	
Property Type:	Nursing Center
Year Opened:	1974
Number of Stories:	6
Quality:	Good
Condition:	Good

Unit/Bed Mix	
Number of Nursing Beds:	200
Number of AL Beds:	0
Number of IL Units:	0

Occupancy & Census	
Occupancy:	100.0%
Private Pay %:	N/A
Insurance/Managed Care %:	N/A
Medicaid %:	N/A
Medicare %:	N/A
VA %:	0.0%

Rental Rates

Bed Type	**Unit Sq. Ft.**	**Fee Basis**	**Base Rate Per Day/Month**
Nursing - Private	N/A	Daily	$1,200.00
Nursing - Semi-Private	N/A	Daily	$600.00

Rental Comparable Number 2

Property Identification	
Name:	White Plains Center for Nursing Care
Address:	220 West Post Road
Municipality:	White Plains
State:	New York
Zip Code:	10606
Phone Number:	914-686-8880

Physical Data	
Property Type:	Nursing Center
Year Opened:	1996
Number of Stories:	1
Quality:	Good
Condition:	Good

Unit/Bed Mix	
Number of Nursing Beds:	88
Number of AL Beds:	0
Number of IL Units:	0

Occupancy & Census	
Occupancy:	100.0%
Private Pay %:	12.4%
Insurance/Managed Care %:	12.4%
Medicaid %:	48.7%
Medicare %:	26.4%
VA %:	0.0%

Rental Rates

Bed Type	**Unit Sq. Ft.**	**Fee Basis**	**Base Rate Per Day/Month**
Nursing - Private	N/A	Daily	$450.00
Nursing - Semi-Private	N/A	Daily	$425.00

Rental Comparable Number 3

Property Identification	
Name:	The Grove at Valhalla Rehabilitation and Nursing Center
Address:	61 Grasslands Road
Municipality:	Valhalla
State:	New York
Zip Code:	10595
Phone Number:	914-681-8400

Physical Data	
Property Type:	Nursing Center
Year Opened:	1990
Number of Stories:	2
Quality:	Good
Condition:	Good

Unit/Bed Mix	
Number of Nursing Beds:	160
Number of AL Beds:	0
Number of IL Units:	0

Occupancy & Census	
Occupancy:	96.0%
Private Pay %:	8.1%
Insurance/Managed Care %:	8.1%
Medicaid %:	57.9%
Medicare %:	25.9%
VA %:	0.0%

Rental Rates

Bed Type	Unit Sq. Ft.	Fee Basis	Base Rate Per Day/Month
Nursing - Private	N/A	Daily	$550.00
Nursing - Semi-Private	N/A	Daily	$500.00

Rental Comparable Number 4

Property Identification	
Name:	Tarrytown Hall Care Center
Address:	20 Wood Court
Municipality:	Tarrytown
State:	New York
Zip Code:	10573
Phone Number:	914-631-2600

Physical Data	
Property Type:	Nursing Center
Year Opened:	1973
Number of Stories:	5
Quality:	Good
Condition:	Good

Unit/Bed Mix	
Number of Nursing Beds:	120
Number of AL Beds:	0
Number of IL Units:	0

Occupancy & Census	
Occupancy:	94.0%
Private Pay %:	20.3%
Insurance/Managed Care %:	20.3%
Medicaid %:	9.9%
Medicare %:	50.3%
VA %:	0.0%

Rental Rates

Bed Type	**Unit Sq. Ft.**	**Fee Basis**	**Base Rate Per Day/Month**
Nursing - Private	N/A	Daily	$528.00
Nursing - Semi-Private	N/A	Daily	$513.00

Rental Comparable Number 5

Property Identification	
Name:	Regal Care at Greenwich
Address:	1188 King Street
Municipality:	Greenwich
State:	Connecticut
Zip Code:	06831
Phone Number:	203-531-8300

Physical Data	
Property Type:	Nursing Center
Year Opened:	1966
Number of Stories:	1
Quality:	Good
Condition:	Good

Unit/Bed Mix	
Number of Nursing Beds:	75
Number of AL Beds:	0
Number of IL Units:	0

Occupancy & Census	
Occupancy:	97.3%
Private Pay %:	2.5%
Insurance/Managed Care %:	2.5%
Medicaid %:	77.1%
Medicare %:	18.0%
VA %:	0.0%

Rental Rates

Bed Type	**Unit Sq. Ft.**	**Fee Basis**	**Base Rate Per Day/Month**
Nursing - Private	N/A	Daily	$500.00
Nursing - Semi-Private	N/A	Daily	$485.00

Senior Housing Sale Profile

Location & Property Identification

Property Name:	Hillcrest Millard
Sub-Property Type:	Skilled Nursing Facility
Address:	13225 Westwood Lane
City/State/Zip:	Omaha, Nebraska 68144
County:	Douglas
MSA:	Omaha MSA

Sale Information

Grantor:	Mainstreet Property Group
Grantee:	Invesque, Inc
Sale Status:	Closed
Portfolio Sale:	Yes
Date of Sale:	28-Nov-2017
Contract Sale Price:	$24,780,547
Document Type:	Warranty Deed
Recording No.:	Book - 2016 Page - 109654
Property Rights:	Fee Simple Going Concern
% of Interest Conveyed:	100%
Financing:	All Cash
Verified By:	Todd Deitemyer, MAI
Verification Type:	Confidential

Sale Indicators

Price per Bed:	$326,060
Price per SF of GBA:	$471.81
EGIM:	N/A
Cap Rate:	9.74%

Site and Improvement Data

Land– SF (Gross):	234,701
Care/Housing Types:	SNF
Year Built:	2017
Property Condition:	Excellent
Construction Quality:	Excellent
No. of Buildings/Stories:	1/1
GBA– SF:	52,522
No. of Beds:	76

Income Data

Operating Data Type:	Pro Forma
Effective Gross Income:	$13,295,957
Expenses:	$10,882,988
Net Operating Income:	$2,412,969
Expense Ratio:	N/A
Reserves Included:	Yes, $375/bed
Management Included:	Yes, 5%

Unit Summary

Care Type	Beds
Skilled Nursing	76
Totals	76

Comments

New skilled nursing facility. At the time of the sale, the subject was pending an official Certificate of Occupancy that would take effect in December. The subject was sold as part of a four property portfolio. Other properties were in Wichita, KS, Columbia, MO, and Houston, TX.

Leased fee sale - Hillcrest Health Services is subject to 10-year lease with 2 10 year renewal options. Base rental rate during the first year is the total Project cost multiplied by .0985 ($1,864,792), increasing by 3.0% or CPI annually. The lease would start at the earlier of either 30 days after CO or the day the facility is licensed.

JLL forecasted a lease coverage ratio of 1.29 based on projected stabilized going concern NOI.

Senior Housing Sale Profile

Location & Property Identification

Property Name:	3 NYC Metro SNFs
Sub-Property Type:	Skilled Nursing Facility
Address:	220 West Post Road
City/State/Zip:	White Plains, NY 10606
County:	Westchester
MSA:	New York

Sale Information

Grantor:	Various LLC (SentosaCare)
Grantee:	Various LLC (operating as Optima Care)
Sale Status:	Closed
Portfolio Sale:	Yes
Date of Sale:	1-Jan-2018
Contract Sale Price:	$123,920,000
Document Type:	N/A
Recording No.:	N/A
Property Rights:	Fee Simple Going Concern
% of Interest Conveyed:	100%
Financing:	All Cash
Verified By:	Todd Deitemyer, MAI
Verification Type:	Confidential

Sale Indicators

Price per Bed:	$220,891
Price per SF of GBA:	$647.00
EGIM:	1.61
Cap Rate:	11.03%

Site and Improvement Data

Land– SF (Gross):	611,582
Care/Housing Types:	SNF
Year Built:	1964 - 1974, 1975, and 1995
Property Condition:	Average
Construction Quality:	Average
No. of Buildings/Stories:	1 and 1-2
GBA– SF:	191,601
No. of Beds:	561

Income Data

Operating Data Type:	Buyer's Pro Forma
Effective Gross Income:	$76,968,944
Expenses:	$63,304,009
Net Operating Income:	$13,664,936
Expense Ratio:	82.25%
Reserves Included:	Yes
Management Included:	Yes, 5%

Unit Summary

Care Type	Beds
Skilled Nursing	561
Totals	561

Comments

1) Avalon Gardens Rehab (Smithtown, NY) : 353 beds, Built in between 1964 - 1974, PP : $81,160,000. 2) Little Neck Care Center (Little Neck, NY): 120 beds, Built in 1975, PP: $26,400,000. 3) White Plains Center (White Plains, NY): 88 beds, Built in 1995, PP: $16,360,000. The financial data is based on the buyer's pro forma. Reserves of $365 per bed and a 5% management fee have been included in the expenses. The payor mix is as follows : 8.4% Medicare, 73.0% Medicaid, and 18.6% Private/Other.

Senior Housing Sale Profile

Location & Property Identification

Property Name:	Sayre Health Care
Sub-Property Type:	N/A
Address:	151 Keefer Lane
City/State/Zip:	Sayre, PA
County:	Bradford County
MSA:	Scranton–Wilkes-Barre–Hazleton, P

Sale Information

Grantor:	Sayre Health Care Center, LLC
Grantee:	Sayre Healthcare Property, LLC
Sale Status:	Closed
Portfolio Sale:	N/A
Date of Sale:	18-Aug-2017
Contract Sale Price:	$21,000,000
Document Type:	N/A
Recording No.:	17053
Property Rights:	Fee Simple Going Concern
% of Interest Conveyed:	100%
Financing:	All Cash
Verified By:	Buyer/Seller
Verification Type:	Confidential

Sale Indicators

Price per Bed:	$233,333
Price per SF of GBA:	$385.32
EGIM:	2.15
Cap Rate:	13.80%

Site and Improvement Data

Land– SF (Gross):	603,350
Care/Housing Types:	SNF
Year Built:	2014/2015
Property Condition:	Good
Construction Quality:	Good
No. of Buildings/Stories:	1
GBA– SF:	54,500
No. of Beds:	90

Income Data

Operating Data Type:	Buyer Pro Forma
Effective Gross Income:	$9,767,442
Expenses:	$6,856,024
Net Operating Income:	$2,905,396
Expense Ratio:	70.19%
Reserves Included:	Yes
Management Included:	Yes

Unit Summary

Care Type	**Beds**
Skilled Nursing	90
Totals	90

Comments

Senior Housing Sale Profile

Location & Property Identification

Property Name:	The Solana Marlboro
Sub-Property Type:	Assisted Living, & Memory Care
Address:	52 County Road 520
City/State/Zip:	Morganville, NJ 07751
County:	Monmouth
MSA:	New York-Newark-Jersey City MSA

Sale Information

Grantor:	FSP Marlboro LLC
Grantee:	KAREP V Acquisitions LLC
Sale Status:	Closed
Portfolio Sale:	No
Date of Sale:	8-Nov-2018
Contract Sale Price:	$48,500,000
Document Type:	Instrument Number
Recording No.:	2018109179
Property Rights:	Fee Simple Going Concern
% of Interest Conveyed:	100%
Financing:	All Cash
Verified By:	Bradley Grossa
Verification Type:	Confidential

Sale Indicators

Price per Unit:	$613,924
Price per SF of GBA:	$659
EGIM:	6.74
Cap Rate:	6.67%

Site and Improvement Data

Land– SF (Gross):	284,795
Care/Housing Types:	ALF/MC
Year Built:	2015
Property Condition:	Excellent
Construction Quality:	Excellent
No. of Buildings/Stories:	1 Building, 2 Stories
GBA– SF:	73,570
No. of Units:	79

Income Data

Operating Data Type:	Pro Forma
Effective Gross Income:	$7,197,086
Expenses:	$3,963,445
Net Operating Income:	$3,233,641
Expense Ratio:	55.10%
Reserves Included:	Yes, $375/bed
Management Included:	Yes, 5%

Unit Summary

Care Type	Units	Beds
Assisted Living	54	59
Memory Care	25	32
Totals	79	91

Comments

The facility had recently reached a stabilized occupancy level of 91% at the time of sale. It was noted that the facility had previously been publicly listed. The listing was removed, and the seller approached the buyer in which the sale price was negotiated. It has been reported that the current management, Chelsea Senior Living, will be retained by the buyer of the facility.

JLL Achieve Ambitions

Appendix D

Operating Data

HBL SNF, LLC d/b/a EPIC Nursing and Rehab at White Plains

OPERATING PROJECTION

Years Ending December 31, Y1, Y2, and Y3

HBL SNF, LLC d/b/a EPIC Nursing and Rehab at White Plains

PROFORMA BALANCE SHEET

January 1, Y1

ASSETS

	The Rehabilitation And Care Institute Of White Plains
Current Assets	
Cash & Cash Equivalents	$ 6,293,440
Total Current Assets	6,293,440
Non Current Assets	
Due from Landlord	720,000
Fixed Assets - Net	1,480,000
Total Non Current Assets	2,200,000
Total Assets	$ 8,493,440

LIABILITIES AND MEMBERS' EQUITY

Liabilities	
Long Term Debt, Current Portion	$ 500,000
Total current liabilities	500,000
Long term Liabilities	
Long Term Debt, Net of Current Portion	3,180,000
Total Long-term Liabilities	3,180,000
Total Liabilities	3,680,000
Members' Equity	4,813,440
Total Liabilities and Members' Equity	$ 8,493,440

HBL SNF, LLC d/b/a EPIC Nursing and Rehab at White Plains

OPERATING PROJECTION

For the Years Ending December 31, Y1, Y2, and Y3

	2020	2021	2022
OPERATING INCOME			
Private	$1,490,600	$ 1,899,200	$1,929,700
Insurance	1,242,300	1,582,200	1,606,700
Medicare	7,431,300	11,409,000	12,283,700
Medicaid	9,841,000	11,377,300	11,230,000
Ancillary	69,000	120,000	120,000
Other Income	1,200	1,200	1,200
TOTAL OPERATING INCOME	20,075,400	26,388,900	27,171,300
OPERATING EXPENSES			
NON-REVENUE SUPPORT SERVICES			
INDIRECT COSTS:			
Administrative services	530,675	530,700	535,200
Fiscal services	108,624	108,600	108,600
Plant, operations and maintenance	886,015	949,600	954,200
Patient food services	1,500,466	1,500,500	1,521,700
Housekeeping services	816,521	816,500	827,000
Laundry services	304,692	304,700	307,000
Medical care services	144,779	145,700	146,600
TOTAL INDIRECT COSTS	4,291,772	4,356,300	4,400,300
DIRECT COSTS:			
Nursing administration	1,057,677	1,057,700	1,081,100
Leisure time activities	326,948	438,500	444,500
Social services and admitting	365,557	444,700	451,600
TOTAL DIRECT COSTS	1,750,182	1,940,900	1,977,200
TOTAL NON-REVENUE SUPPORT SERVICES	6,041,953	6,297,200	6,377,500
REVENUE SUPPORT SERVICES			
Ancillary Service Centers	1,654,992	2,334,400	2,349,800
Program Service Centers	3,888,750	6,077,400	6,173,100
TOTAL REVENUE SUPPORT SERVICES	5,543,742	8,411,800	8,522,900
ASSESSMENT EXPENSE	860,100	1,019,600	1,006,500
TOTAL OPERATING COSTS	12,445,795	15,728,600	15,906,900
EBITDARM	7,629,605	10,660,300	11,264,400
MANAGEMENT FEES	(987,920)	(1,300,515)	(1,335,245)
RESERVE FOR REPLACEMENT	(64,000)	(64,000)	(64,000)
EBITDAR	6,577,685	9,295,785	9,865,155
PROPERTY COSTS	(6,458,978)	(6,412,930)	(6,363,552)
NET INCOME	118,707	2,882,855	3,501,603
NET FEASIBLE INCOME	$ 118,707	$ 2,882,855	$ 3,501,603

HBL SNF, LLC d/b/a EPIC Nursing and Rehab at White Plains

OPERATING PROJECTION

For the Year Ending December 31, Y1

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
OPERATING INCOME						
Private	$27,600	$49,900	$82,800	$108,100	$133,800	$147,000
Insurance	23,000	41,600	69,000	90,100	111,500	122,500
Medicare	137,800	248,800	412,900	538,900	667,300	733,000
Medicaid	182,400	329,500	546,800	713,600	883,600	970,700
Ancillary	3,000	3,500	4,000	4,500	5,000	5,500
Other Income	100	100	100	100	100	100
TOTAL OPERATING INCOME	369,000	$673,400	$1,115,600	$1,455,300	$1,801,300	$1,978,800
OPERATING EXPENSES						
NON-REVENUE SUPPORT SERVICES						
INDIRECT COSTS:						
Administrative services	41,640	41,640	41,640	43,854	43,854	43,854
Fiscal services	9,052	9,052	9,052	9,052	9,052	9,052
Plant, operations and maint.	64,572	66,552	70,614	70,614	74,677	74,677
Patient food services	41,969	46,449	73,952	99,138	118,172	128,950
Housekeeping services	29,949	36,980	48,959	53,022	61,147	69,272
Laundry services	6,548	12,613	19,637	25,972	28,288	29,474
Medical care services	12,065	12,065	12,065	12,065	12,065	12,065
TOTAL INDIRECT COSTS	205,796	225,352	275,919	313,716	347,254	367,343
DIRECT COSTS						
Nursing administration	56,109	56,109	56,109	56,109	74,859	74,859
Leisure time activities	7,565	13,153	19,047	24,721	25,461	30,788
Social services and admitting	19,627	22,698	22,812	28,107	28,196	25,247
TOTAL DIRECT COSTS	83,300	91,959	97,967	108,936	128,515	130,893
TOTAL NON-REVENUE SUPPORT SERVICES	289,096	317,311	373,886	422,652	475,769	498,236
REVENUE SUPPORT SERVICES						
Ancillary Service Centers	36,413	56,579	89,604	117,129	139,796	158,646
Program Service Centers	39,355	124,618	154,909	196,227	243,557	268,713
TOTAL REVENUE SUPPORT SERVICES	75,768	181,197	244,514	313,356	383,353	427,359
PROPERTY COSTS	548,600	495,500	548,600	530,900	548,600	530,900
RESERVE FOR REPLACEMENT	5,333	5,333	5,333	5,333	5,333	5,333
MANAGEMENT FEES	18,450	33,165	54,955	71,660	88,695	97,405
TOTAL OPERATING COSTS	937,247	1,032,507	1,227,288	1,343,901	1,501,750	1,559,233
NET INCOME BEFORE ASSESSMENT	(568,247)	(359,107)	(111,688)	111,399	299,550	419,567
ASSESSMENT EXPENSE	(15,900)	(28,800)	(47,800)	(62,400)	(77,200)	(84,800)
NET INCOME AFTER ASSESSMENT	$ (584,147)	$ (387,907)	$ (159,488)	$ 48,999	$ 222,350	$ 334,767
NET FEASIBLE INCOME	$ (584,147)	$ (387,907)	$ (159,488)	$ 48,999	$ 222,350	$ 334,767

Unaudited - See summary of Significant Projection Assumptions

JULY	AUGUST	SEPT	OCT	NOV	DEC	TOTAL
$158,600	$158,600	$153,500	$158,600	$153,500	$158,600	$1,490,600
132,200	132,200	127,900	132,200	127,900	132,200	1,242,300
790,600	790,600	765,100	790,600	765,100	790,600	7,431,300
1,047,000	1,047,000	1,013,200	1,047,000	1,013,200	1,047,000	9,841,000
6,000	6,500	7,000	7,500	8,000	8,500	69,000
100	100	100	100	100	100	1,200
$2,134,500	$2,135,000	$2,066,800	$2,136,000	$2,067,800	$2,137,000	$20,075,400
43,854	46,068	46,068	46,068	46,068	46,068	530,675
9,052	9,052	9,052	9,052	9,052	9,052	108,624
74,677	74,677	78,739	78,739	78,739	78,739	886,015
158,878	167,003	165,974	167,003	165,974	167,003	1,500,466
77,397	81,459	89,584	89,584	89,584	89,584	816,521
30,513	30,513	30,053	30,513	30,053	30,513	304,692
12,065	12,065	12,065	12,065	12,065	12,065	144,779
406,436	420,837	431,535	433,024	431,535	433,024	4,291,772
99,234	99,234	114,234	123,609	123,609	123,609	1,057,677
31,120	31,120	35,920	36,067	35,920	36,067	326,948
36,484	36,484	36,467	36,484	36,467	36,484	365,557
166,837	166,837	186,621	196,160	195,996	196,160	1,750,182
573,273	587,674	618,156	629,185	627,531	629,185	6,041,953
166,946	166,946	163,271	184,654	180,979	194,029	1,654,992
375,733	491,746	498,473	498,473	498,473	498,473	3,888,750
542,679	658,692	661,744	683,127	679,452	692,502	5,543,742
548,600	548,600	530,900	548,600	530,900	548,278	6,458,978
5,333	5,333	5,333	5,333	5,333	5,337	64,000
105,060	105,060	101,675	105,060	101,675	105,060	987,920
1,774,945	1,905,359	1,917,807	1,971,305	1,944,891	1,980,362	19,096,593
359,555	229,641	148,993	164,695	122,909	156,638	978,807
(91,500)	(91,500)	(88,600)	(91,500)	(88,600)	(91,500)	(860,100)
$ 268,055	$ 138,141	$ 60,393	$ 73,195	$ 34,309	$ 65,138	$ 118,707
$ 268,055	$ 138,141	$ 60,393	$ 73,195	$ 34,309	$ 65,138	$ 118,707

HBL SNF, LLC d/b/a EPIC Nursing and Rehab at White Plains

OPERATING PROJECTION

For the Year Ending December 31, Y2

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
OPERATING INCOME						
Private	$ 161,300	$ 145,700	$ 161,300	$ 156,100	$ 161,300	$ 156,100
Insurance	134,400	121,400	134,400	130,000	134,400	130,000
Medicare	969,000	875,200	969,000	937,700	969,000	937,700
Medicaid	966,300	872,800	966,300	935,100	966,300	935,100
Ancillary	10,000	10,000	10,000	10,000	10,000	10,000
Other Income	100	100	100	100	100	100
TOTAL OPERATING INCOME	2,241,100	2,025,200	2,241,100	2,169,000	2,241,100	2,169,000
OPERATING EXPENSES						
NON-REVENUE SUPPORT SERVICES						
INDIRECT COSTS:						
Administrative services	45,100	40,700	45,100	43,600	45,100	43,600
Fiscal services	9,200	8,300	9,200	8,900	9,200	8,900
Plant, operations and maint.	80,600	72,800	80,600	78,000	80,600	78,000
Patient food services	127,400	115,100	127,400	123,300	127,400	123,300
Housekeeping services	69,300	62,600	69,300	67,100	69,300	67,100
Laundry services	25,900	23,400	25,900	25,000	25,900	25,000
Medical care services	12,400	11,200	12,400	12,000	12,400	12,000
TOTAL INDIRECT COSTS	369,900	334,100	369,900	357,900	369,900	357,900
DIRECT COSTS						
Nursing administration	89,800	81,100	89,800	86,900	89,800	86,900
Leisure time activities	37,200	33,600	37,200	36,000	37,200	36,000
Social services and admitting	37,800	34,100	37,800	36,500	37,800	36,500
TOTAL DIRECT COSTS	164,800	148,800	164,800	159,400	164,800	159,400
TOTAL NON-REVENUE SUPPORT SERVICES	534,700	482,900	534,700	517,300	534,700	517,300
REVENUE SUPPORT SERVICES						
Ancillary Service Centers	198,300	179,100	198,300	191,900	198,300	191,900
Program Service Centers	516,200	466,200	516,200	499,500	516,200	499,500
TOTAL REVENUE SUPPORT SERVICES	714,500	645,300	714,500	691,400	714,500	691,400
PROPERTY COSTS	544,700	492,000	544,700	527,100	544,700	527,100
RESERVE FOR REPLACEMENT	5,333	5,333	5,333	5,333	5,333	5,333
MANAGEMENT FEES	110,455	99,770	110,455	106,890	110,455	106,890
TOTAL OPERATING COSTS	1,909,688	1,725,303	1,909,688	1,848,023	1,909,688	1,848,023
NET INCOME BEFORE ASSESSMENT	331,412	299,897	331,412	320,977	331,412	320,977
ASSESSMENT EXPENSE	(86,600)	(78,200)	(86,600)	(83,800)	(86,600)	(83,800)
NET INCOME AFTER ASSESSMENT	$ 244,812	$ 221,697	$ 244,812	$ 237,177	$ 244,812	$ 237,177
NET FEASIBLE INCOME	$ 244,812	$ 221,697	$ 244,812	$ 237,177	$ 244,812	$ 237,177

Unaudited - See summary of Significant Projection Assumptions

JULY	AUG	SEPT	OCT	NOV	DECEMBER	TOTAL
$ 161,300	$ 161,300	$ 156,100	$ 161,300	$ 156,100	$ 161,300	$ 1,899,200
134,400	134,400	130,000	134,400	130,000	134,400	1,582,200
969,000	969,000	937,700	969,000	937,700	969,000	11,409,000
966,300	966,300	935,100	966,300	935,100	966,300	11,377,300
10,000	10,000	10,000	10,000	10,000	10,000	120,000
100	100	100	100	100	100	1,200
2,241,100	2,241,100	2,169,000	2,241,100	2,169,000	2,241,100	26,388,900
45,100	45,100	43,600	45,100	43,600	45,000	530,700
9,200	9,200	8,900	9,200	8,900	9,500	108,600
80,600	80,600	78,000	80,600	78,000	81,200	949,600
127,400	127,400	123,300	127,400	123,300	127,800	1,500,500
69,300	69,300	67,100	69,300	67,100	69,700	816,500
25,900	25,900	25,000	25,900	25,000	25,900	304,700
12,400	12,400	12,000	12,400	12,000	12,100	145,700
369,900	369,900	357,900	369,900	357,900	371,200	4,356,300
89,800	89,800	86,900	89,800	86,900	90,200	1,057,700
37,200	37,200	36,000	37,200	36,000	37,700	438,500
37,800	37,800	36,500	37,800	36,500	37,800	444,700
164,800	164,800	159,400	164,800	159,400	165,700	1,940,900
534,700	534,700	517,300	534,700	517,300	536,900	6,297,200
198,300	198,300	191,900	198,300	191,900	197,900	2,334,400
516,200	516,200	499,500	516,200	499,500	516,000	6,077,400
714,500	714,500	691,400	714,500	691,400	713,900	8,411,800
544,700	544,700	527,100	544,700	527,100	544,330	6,412,930
5,333	5,333	5,333	5,333	5,333	5,337	64,000
110,455	110,455	106,890	110,455	106,890	110,455	1,300,515
1,909,688	1,909,688	1,848,023	1,909,688	1,848,023	1,910,922	22,486,445
331,412	331,412	320,977	331,412	320,977	330,178	3,902,455
(86,600)	(86,600)	(83,800)	(86,600)	(83,800)	(86,600)	(1,019,600)
$ 244,812	$ 244,812	$ 237,177	$ 244,812	$ 237,177	$ 243,578	$ 2,882,855
$ 244,812	$ 244,812	$ 237,177	$ 244,812	$ 237,177	$ 243,578	$ 2,882,855

HBL SNF, LLC d/b/a EPIC Nursing and Rehab at White Plains

OPERATING PROJECTION

For the Year Ending December 31, Y3

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
OPERATING INCOME						
Private	$163,900	$148,000	$163,900	$158,600	$163,900	$158,600
Insurance	136,500	123,200	136,500	132,000	136,500	132,000
Medicare	1,043,300	942,200	1,043,300	1,009,600	1,043,300	1,009,600
Medicaid	953,800	861,400	953,800	923,000	953,800	923,000
Ancillary	10,000	10,000	10,000	10,000	10,000	10,000
Other Income	100	100	100	100	100	100
TOTAL OPERATING INCOME	2,307,600	2,084,900	2,307,600	2,233,300	2,307,600	2,233,300
OPERATING EXPENSES						
NON-REVENUE SUPPORT SERVICES						
INDIRECT COSTS:						
Administrative services	45,500	41,100	45,500	44,000	45,500	44,000
Fiscal services	9,200	8,300	9,200	8,900	9,200	8,900
Plant, operations and maint.	81,000	73,200	81,000	78,400	81,000	78,400
Patient food services	129,200	116,700	129,200	125,100	129,200	125,100
Housekeeping services	70,200	63,400	70,200	68,000	70,200	68,000
Laundry services	26,100	23,600	26,100	25,200	26,100	25,200
Medical care services	12,400	11,200	12,400	12,000	12,400	12,000
TOTAL INDIRECT COSTS	373,600	337,500	373,600	361,600	373,600	361,600
DIRECT COSTS						
Nursing administration	91,800	82,900	91,800	88,900	91,800	88,900
Leisure time activities	37,800	34,100	37,800	36,500	37,800	36,500
Social services and admitting	38,400	34,600	38,400	37,100	38,400	37,100
TOTAL DIRECT COSTS	168,000	151,600	168,000	162,500	168,000	162,500
TOTAL NON-REVENUE SUPPORT SERVICES	541,600	489,100	541,600	524,100	541,600	524,100
REVENUE SUPPORT SERVICES						
Ancillary Service Centers	199,600	180,300	199,600	193,100	199,600	193,100
Program Service Centers	524,300	473,600	524,300	507,400	524,300	507,400
TOTAL REVENUE SUPPORT SERVICES	723,900	653,900	723,900	700,500	723,900	700,500
PROPERTY COSTS	540,500	488,200	540,500	523,000	540,500	523,000
RESERVE FOR REPLACEMENT	5,333	5,333	5,333	5,333	5,333	5,333
MANAGEMENT FEES	113,410	102,415	113,410	109,740	113,410	109,740
TOTAL OPERATING COSTS	1,924,743	1,738,948	1,924,743	1,862,673	1,924,743	1,862,673
NET INCOME BEFORE ASSESSMENT	382,857	345,952	382,857	370,627	382,857	370,627
ASSESSMENT EXPENSE	(85,500)	(77,200)	(85,500)	(82,700)	(85,500)	(82,700)
NET INCOME AFTER ASSESSMENT	$ 297,357	$ 268,752	$ 297,357	$ 287,927	$ 297,357	$ 287,927
NET FEASIBLE INCOME	$ 297,357	$ 268,752	$ 297,357	$ 287,927	$ 297,357	$ 287,927

Unaudited - See summary of Significant Projection Assumptions

JULY	AUG	SEPT	OCT	NOV	DECEMBER	TOTAL
$163,900	$163,900	$158,600	$163,900	$158,600	$163,900	$1,929,700
136,500	136,500	132,000	136,500	132,000	136,500	1,606,700
1,043,300	1,043,300	1,009,600	1,043,300	1,009,600	1,043,300	12,283,700
953,800	953,800	923,000	953,800	923,000	953,800	11,230,000
10,000	10,000	10,000	10,000	10,000	10,000	120,000
100	100	100	100	100	100	1,200
2,307,600	2,307,600	2,233,300	2,307,600	2,233,300	2,307,600	27,171,300
45,500	45,500	44,000	45,500	44,000	45,100	535,200
9,200	9,200	8,900	9,200	8,900	9,500	108,600
81,000	81,000	78,400	81,000	78,400	81,400	954,200
129,200	129,200	125,100	129,200	125,100	129,400	1,521,700
70,200	70,200	68,000	70,200	68,000	70,400	827,000
26,100	26,100	25,200	26,100	25,200	26,000	307,000
12,400	12,400	12,000	12,400	12,000	13,000	146,600
373,600	373,600	361,600	373,600	361,600	374,800	4,400,300
91,800	91,800	88,900	91,800	88,900	91,800	1,081,100
37,800	37,800	36,500	37,800	36,500	37,600	444,500
38,400	38,400	37,100	38,400	37,100	38,200	451,600
168,000	168,000	162,500	168,000	162,500	167,600	1,977,200
541,600	541,600	524,100	541,600	524,100	542,400	6,377,500
199,600	199,600	193,100	199,600	193,100	199,500	2,349,800
524,300	524,300	507,400	524,300	507,400	524,100	6,173,100
723,900	723,900	700,500	723,900	700,500	723,600	8,522,900
540,500	540,500	523,000	540,500	523,000	540,352	6,363,552
5,333	5,333	5,333	5,333	5,333	5,337	64,000
113,410	113,410	109,740	113,410	109,740	113,410	1,335,245
1,924,743	1,924,743	1,862,673	1,924,743	1,862,673	1,925,099	22,663,197
382,857	382,857	370,627	382,857	370,627	382,501	4,508,103
(85,500)	(85,500)	(82,700)	(85,500)	(82,700)	(85,500)	(1,006,500)
$ 297,357	$ 297,357	$ 287,927	$ 297,357	$ 287,927	$ 297,001	$ 3,501,603
$ 297,357	$ 297,357	$ 287,927	$ 297,357	$ 287,927	$ 297,001	$ 3,501,603

THE REHABILITATION AND CARE INSTITUTE OF WHITE PLAINS
SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS
For the Years Ending December 31, Y1, Y2, and Y3

A summary of the significant projection assumptions applied in the preparation of the accompanying projected proforma balance sheet and operating projection follows.

The accompanying Operating Projection is based on assumptions concerning future events and circumstances. The assumptions disclosed herein are those which are significant to the projection or are key factors upon which the financial results of the enterprise depend. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to September 05, 2019 the date of this projection. Therefore, the actual results achieved during the projection period will vary from the projection and the variations may be material.

General

This Projection reflects the following:

1. Establishment of The Rehabilitation And Care Institute Of White Plains, a 160 Bed Skilled Nursing Facility located in White Plains, NY.

(1) Income

A. Patient Days and Rates

Private and Other rates are projected based on similar facilities in the same geographical area and are increased by 1% per annum for inflation to reflect 2016 dollars. The Medicare rates are projected based on the full federal rates for the Medicare Prospective Payment System in effect for 2014 and are increased by 2% per annum for inflation to reflect 2015 dollars. Medicaid rates are projected based on the reimbursement methodology under statewide pricing.

SNF Y1

	Occp %	Patient Days	Rate	Revenue
Private	7.25%	3,105	$ 480.00	$ 1,490,600
Insurance	7.25%	3,105	$ 400.00	1,242,300
Medicare	25.00%	10,708	$ 694.00	7,431,300
Medicaid	60.50%	25,915	$ 382.91	9,841,000
Total Patient Days	100.00%	42,833		$ 20,005,200
% of Occupancy	73.34%			
Bed Capacity	160			

SNF Y2

	Occp %	Patient Days	Rate	Revenue
Private	7.25%	4,052	$ 470.00	$ 1,899,200
Insurance	7.25%	4,052	$ 390.00	1,582,200
Medicare	30.00%	16,206	$ 704.00	11,409,000
Medicaid	55.50%	29,710	$ 382.91	11,377,300
Total Patient Days	100.00%	54,020		$ 26,267,700
% of Occupancy	92.50%			
Bed Capacity	160			

SNF Y3

	Occp %	Patient Days	Rate	Revenue
Private	7.25%	4,073	$ 475.00	$ 1,929,700
Insurance	7.25%	4,073	$ 395.00	1,606,700
Medicare	31.50%	17,109	$ 718.00	12,283,700
Medicaid	54.00%	29,058	$ 382.91	11,230,000
Total Patient Days	100.00%	54,313		$ 27,050,100
% of Occupancy	93.00%			
Bed Capacity	160			

THE REHABILITATION AND CARE INSTITUTE OF WHITE PLAINS
SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS
For the Years Ending December 31, Y1, Y2, and Y3

(2) Expenses

A. General

Salaries, benefits, and other expenses are projected based on the December 31, 2016 financial statements for facilities owned and operated by the operators of The Rehabilitation And Care Institute Of White Plains. The benchmarked costs are increased for inflation by 2% per annum to reflect 2017 dollars.

Expenses in years 2 and 3 include an inflation factor of 2% per year.

B. Full Time Equivalents

The following FTE's reflect full staffing at full occupancy:

Admin Serv.		
Administrator		1.00
Clerical		2.00
	Total Admin Serv.	3.00
Plant, Oper.		
Mgt./Super.		2.00
Environment		2.00
	Total Plant Oper.	4.00
Patient Food Serv.		
Mgt./Super.		4.20
Techs		2.00
Environment		22.80
	Total Patient Food Serv.	29.00
Hskpg. Serv.		
Mgt./Super.		4.20
Environment		15.00
	Total Hskpg. Serv.	19.20
Laundry Serv.		
Environment		4.00
	Total Laundry Serv.	4.00
Nursing Admin		
Mgt./Super.		2.00
Techs		4.00
LPN's		6.40
	Total Nursing Admin	12.40
SNF		
RN's		19.32
LPN's		19.32
Aides		71.62
	Total SNF	110.26

THE REHABILITATION AND CARE INSTITUTE OF WHITE PLAINS

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS

For the Years Ending December 31, Y1, Y2, and Y3

B. Full Time Equivalents Cont'd

Medical Care Serv.		
Clerical		1.00
	Total Medical Care Serv.	1.00
P.T.		
Mgt./Super.		1.00
Techs		5.00
	Total P.T.	6.00
O.T.		
Techs		2.00
	Total O.T.	2.00
Central Supply		
Clerical		1.00
	Total Central Supply	1.00
Aides		
	GRAND TOTALS	191.86

C. Property Costs

SUMMARY

Property costs Include the following:

	2019	2020	2021
Depreciation on MME	$ 148,000	$ 148,000	$ 148,000
Property Costs for The Rehabilitation And Care Institute Of White Plains	148,000	148,000	148,000
Working Capital Loan Interest	237,420	191,372	141,994
Rent Paid to White Plains Healthcare Properties I, LLC (See Rent Footnote)	6,073,558	6,073,558	6,073,558
Total Property Costs	$ 6,458,978	$ 6,412,930	$ 6,363,552

DEPRECIATION

The following represents the annual depreciation expense that will be allocated between the consolidating entities:

	The Rehabilitation And Care Institute Of White Plains
MME	$ 148,000
Total	$ 148,000

THE REHABILITATION AND CARE INSTITUTE OF WHITE PLAINS

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS

For the Years Ending December 31, Y1, Y2, and Y3

C. Property Costs Cont'd

PROPERTY, PLANT, & EQUIPMENT

The following represents the fixed assets that are reflected in the projection:

	Useful Lives	The Rehabilitation And Care Institute Of White Plains
MME	10	$ 1,480,000
Total		$ 1,480,000

MME was included in the project costs funded by the construction loan. Upon completion of the project, title to the MME was transferred to the tenant to facilitate Medicaid Capital Reimbursement for those assets.

RENT

The following represents the annual rent that will be paid by The Rehabilitation And Care Institute Of White Plains to White Plains Healthcare Properties I, LLC and per the terms of the lease agreement:

	2019	2020	2021
First Mortgage P&I Payment	$ 3,099,443	$ 3,099,443	$ 3,099,443
Mezzanine Loan	523,600	523,600	523,600
Sponsor Mezzanine Loan	806,400	806,400	806,400
Sponsor Equity Interest	1,394,115	1,394,115	1,394,115
Additional Rent	250,000	250,000	250,000
Total	$ 6,073,558	$ 6,073,558	$ 6,073,558

Real estate tax payments are included in operations as part of " Plant, operations and maintenance".

D. Working Capital Loan

The Rehabilitation And Care Institute Of White Plains will need a working capital loan in the amount of $3,680,000. The loan will have an interest rate of 7% for 5 years. Principal and Interest payments are as follows:

	2019	2021
Interest	$ 237,420	$ 141,994
Principal	637,000	732,427
Total	$ 874,421	$ 874,421

THE REHABILITATION AND CARE INSTITUTE OF WHITE PLAINS

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS

For the Years Ending December 31, Y1, Y2, and Y3

(3) CASH FLOW ASSUMPTIONS

A. Accounts Receivable

The facility will collect the private receivable in advance and all other receivables will be collected on a 60 day cycle.

B. Accounts Payable

The facility will pay accounts payable on a 60 day cycle.

(4) WORKING CAPITAL ASSUMPTIONS

The facility's working capital requirements of $5,821,995 is based on 2 months of year 3 expenses plus the initial (year 1) operating losses of the facility.

The working capital is reflected on the balance sheet as $5,821,995 in Cash. This requirement is satisfied via a combination of Working Capital Long Term Debt and Member's Equity Contributions

(5) IMPORTANT PROJECT CONSIDERATIONS

1. All projections are based upon the actual existence of a mortgage for $42,240,000.00 which was approved by DOH at 5.5% Interest for a 30-year, self amortizing term. In order to be approved by the New York State Department of Health, the financing must consist of the full amount in a first-mortgage document. Secondary or Mezzinine financing will not be acceptable to DC For the Department of Health to reimburse a mortgage, it must be:
   a. “Self-Amortizing”- meaning principal payments (which lower the principal balance) are made monthly according to the amortization schedule.
   b. Amortization term of 30 years.
   c. “Reasonable” interest rate
2. All projections concerning the capital cost reimbursement are to be based upon the following;
   a. Project cost is based on a construction start date of August 1, 2013, with a twenty-month completion period.
   b. Project cost per bed, exclusive of CON fees, is $352,000 per bed and is within the geographic per bed limitation for Westchester County.
   c. Financing for the project is anticipated as follows:
      i. Land Value $4,528,333
      ii. Cash 9,863,426
      iii. HUD Mortgage of 42,240,000
      iv. Total Funds $56,631,759
3. The entire cost of $56,631,759.00 must be certified to the department of health, without the cost certification we will not be fully reimbursed for the approved capital costs of the project which will result in a loss of revenue.
   a. Per the developer’s Cost Certification, actual project costs are estimated to be $60,655,050
4. Total approved (reimbursable) mortgage is $42,240,000 (75% of the total approved project costs). The Medicaid rate projection assumes a 30 year amortizing loan at 6%.
   a. The Department of Health has indicated that they would accept a 30-year, self-amortizing mortgage with a balloon payment after year 5, with the assumption that HUD refinancing would occur in years 3 or 4. The goal would be for the facility to receive 30 years of mortgage reimbursement. The operator (Lizer) would need to request permission to refinance into HUD and match the term of the originally approved mortgage.
   b. Any restated mortgage has to be in the amount of $42,240,000.00 and has to be in place at the time the Department of Health approves the facility to take patients or we risk that we will not get our property cost reimbursement
5. The MATP Calculation (utilized by DOH as part of the rate setting process) shows these amounts and their anticipated breakout.
6. Medicaid Rate Revenue and Expense assumptions for Real Estate Taxes and Utilities subject to change based on feedback from regulatory/rate setting authorities.

JLL Achieve Ambitions

Appendix E

Letter of Engagement

Irion, Sam

From: Chandler, Brian
Sent: Friday, March 13, 2020 12:32 PM
To: Giammarco, Kaycee; Irion, Sam
Subject: FW: [EXTERNAL] RE: Engagement Letter RETS 295102

Follow Up Flag: Follow up
Flag Status: Flagged

Brian L. Chandler, MAI, CRE, FRICS
Managing Director
National Practice Lead – Seniors Housing
JLL Valuation Advisory
700 E. Campbell Road, Suite 265
Richardson, Texas 75081
T +1 214 396 5423
M +1 214 808 0044
brian.chandler@am.jll.com
us.jll.com/valuation-advisory

From: Kristin Borders <Kristin.Borders@huntington.com>
Sent: Friday, March 13, 2020 12:31 PM
To: John Lang <John.Lang@huntington.com>; Chandler, Brian <Brian.Chandler@am.jll.com>
Cc: Garret Vetter <Garret.Vetter@huntington.com>; Lisa Bessinger <Lisa.Bessinger@huntington.com>; James O'Brien <James.OBrien@huntington.com>; Jeanette M Servan <Jeanette.M.Servan@huntington.com>; Nicholas C Stone <Nicholas.C.Stone@huntington.com>
Subject: [EXTERNAL] RE: Engagement Letter RETS 295102

HNB CONTACT'S NAME: Garret Vetter
& PHONE # 616/771-6241

APPRAISER'S NAME: Brian Chandler
& PHONE # (214)396-5423

HNB Reviewer: John Lang

Please immediately inform your customer of the **ENGAGED APPRAISER'S NAME NOTED ABOVE & phone #**, and that they have been engaged to appraise the above referenced projects. Please feel free to contact the appraiser immediately and forward data and information that you have been provided or are aware of to assist in expediting this job.

The original contract due date of the report has been set as indicated in the engagement letter below. Direct communication and timely data flow between the appraiser, banker and our customer as Essential Partners is critical to maintain on-time delivery expectations. RETS will immediately notify you regarding any potential issues or specific reasons for delays encountered that could result in placing the job on-hold or necessitate revising this delivery date.

Please immediately inform your customer that:

Huntington National Bank has identified a number of standard items the appraiser must have in order to complete the appraisal. Once engaged by Huntington Bank, the selected appraiser will contact all Essential Partners within 48 hours with a complete list of required documents. In order to meet your expectations and to facilitate receipt of the appraisal in a timely manner, I would ask that you prepare collection of the following items. The list below is comprehensive and not all items may apply. In addition, our appraisal department will contact the selected appraiser within 10 days of engagement to verify receipt of the requested information. Delays in transmittal of the requested data will result in delay in the receipt of the appraisal.

Legal Description (metes and bounds or lot and block)
Current Rent Roll
Copies of Leases
Financial Operating Statements (current year plus 3 years of historic data)
Site Plan and/or Survey
Construction/Renovation plans (with cost breakdown, if available)
Floor Plans (if property is improved)
Current Tax Bill
Title Report
Franchise Agreement
Capital Expenditures Program
Pending contracts/Listing information, purchase contract
Ground Lease
Historical Sales Data by Tenant (current year plus 3 years of historic data)
Subdivision Plan and Approval Status
Sales History of Lots or Units
Floor Plans for Models/Marketing Brochure
Unit and Project Features and Amenities
Environmental Reports
Etc.

Thank you in advance for your attention to this matter.Cc:
Engaged Appraiser as noted above

Thanks!

Kristin Borders
RETS Functional Coordinator
614.480.1812

The Huntington National Bank
Easton Operations Center – EA4W59
7 Easton Oval
Columbus, OH 43219
huntington.com

From: Kristin.Borders@huntington.com <Kristin.Borders@huntington.com>
Sent: Friday, March 13, 2020 1:30 PM
To: brian.chandler@am.jll.com
Cc: Garret Vetter <Garret.Vetter@huntington.com>; Lisa Bessinger <Lisa.Bessinger@huntington.com>; James O'Brien <James.OBrien@huntington.com>; Jeanette M Servan <Jeanette.M.Servan@huntington.com>; Nicholas C Stone <Nicholas.C.Stone@huntington.com>; Kristin Borders <Kristin.Borders@huntington.com>; Real Estate Technical Services <rets@huntington.com>
Subject: Engagement Letter

Re: APPRAISAL FILE No. 295102: Appraisal and Appraisal Report Appraisal Report

120 Church St , White Plains, West Chester, NY 10601

Dear Huntington Bank Appraisal Vendor:

Your bid for the above-referenced Appraisal has been accepted. Below is the relevant information regarding this Appraisal. Please refer to the external RETS site for completion of this Appraisal.

You will be bound to the terms of the Master Agreement that you accepted upon initially logging into the external RETS site. Thank you.

Fee: 5500

Delivery Date: 04/03/2020

Scope:

Report Format: Appraisal Report

Interest Held: Fee Simple

Values Requested: Going Concern,As Stabilized Market Value,As Is Market Value

Special Instructions: Newly built 160 bed SNF located in White Plains, NY. Epic Rehabilitation and Healthcare at White Plains. Analysis of CURRENT market conditions and FORWARD TRENDS, vacancy rates, supply-demand factors, current pricing, absorption potential, overall cap rate trends, and competitive listings to underpin and support the H&BU conclusion and the logic of comparable data adjustments pertinent to the appraisal problem is required. Intended use: consideration for financing, internal risk analysis, &/or possible use in foreclosure. Complexity would suggest these approach(es) to value be developed: sales; income; cost; however, we rely upon the judgment of the appraiser to develop the necessary approaches to value to provide a credible opinion of value. If the assignment asks for fee simple but you learn that there is an arms-length lease(s), please provide the leased fee value (unless otherwise advised). If leased fee is requested but the lease is not arms-length, appraise fee simple. NOTE: If you have appraised the subject property for HNB before (5-years) you must also provide an Executive Summary section expanding the Summary of Salient Facts and that sets forth a discussion and comparison of driving valuation assumptions relied upon (then and now) and what occurred supporting the changes observed in comparison of the prior appraisal versus the current appraisal and concluded opinion(s) of value. However, if there is more than one structure on the site, each individual building must be defined by parcel number, address, square footage and effective age (As Is – or Proposed). This should be presented in summary form in the Summary of Salient Facts. SCOPE opinion(s) of value: AS IS; Please allow 2 to 3 business days before engagement decisions are made and bid accordingly to allow for this process. Thank you for your time and consideration for this bid. Also include the as is Going Concern opinion, inclusive of breakdown of contributing value components: Business/Intangibles, FFE- remaining life, and balance of RE only allocation. Appropriate cap rate selection adjustment &/or line-item reserves expensed for depreciated loss/cap-ex future replacement for FFE should be included.

Contact Information

Property Contact Name: Garret Vetter

Contact Address: 40 Pearl Street , Grand Rapids, MI 49503

Contact Phone: (616)771-6241

Contact Fax:

Contact Email: garret.vetter@huntington.com

Secondary Property Contact Name:

Secondary Contact Address: , ,

Secondary Contact Phone:

Secondary Contact Fax:

Secondary Contact Email:

Property Information

Property Type: Nursing Home

Address: 120 Church St

City: White Plains

County: West Chester

State: NY

Zip Code: 10601

Construction Status:	Existing
Occupancy:	Owner 100%
	Third Party Leased 0%
Year Built:	2020
Existing Sq Ft:	110000
Proposed Sq Ft:	0
Total Sq Ft:	110000
# of Beds:	160
# of Buildings:	1
# of Stories:	5

Appendix F

Analyst Qualifications

JLL Biography

Bryan J. Lockard

Managing Director

Responsibilities
Bryan J. Lockard serves as Managing Director in JLL's Valuation & Advisory Services, specializing on the national seniors housing and healthcare sectors. As National Practice Leader, Bryan also helps support a team of over 30 professionals with offices in 10 U.S. metro markets.

Mr. Lockard has experience in valuation, market studies, and feasibility analyses of single-asset to large portfolio transactions throughout the United States. Clients served include a broad base of local and national investment firms, property owners, development and operating companies, commercial and investment banks, insurance companies and REITs.

Experience
Prior to joining JLL, Mr.Lockard was with CBRE in the Seniors Housing and Healthcare Group where he was practice leader for the central US and focused on continuing care retirement communities nationally. Bryan began his career in commercial real estate as an Associate at HealthTrust in the Sarasota, Florida and Boston, MA offices. Bryan graduated from the University of Florida with a major in Finance and a minor in Leadership.

Education and Affiliations
University of Florida, B.S.
- Major: Business Administration - Finance
- Minor: Leadership

Member of American Seniors Housing Association (ASHA) Young Leaders
Appraisal Insititue
- Muliple Advanced Level Courses

Certified General Real Estate Appraiser:
Alabama, Arkansas, Georgia, Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, North Carolina, North Dakota, Nebraska, Ohio, South Carolina, Tennessee and Wisconsin

Contact
401 E. Jackson Street Tampa, FL 33602
T: +1-813-387-1301
E: Bryan.Lockard@am.jll.com

Clients Represented

- *AIG*
- *Altitude Healthcare*
- *Bank Leumi*
- *BBVA Compass*
- *BOK Financial*
- *Bremer Bank*
- *Brookdale*
- *Capital One*
- *CBRE Capital Markets*
- *CNL Healthcare REIT*
- *Fannie Mae*
- *Freddie Mac*
- *Harrison Street*
- *Kayne Anderson*
- *Key Bank*
- *Lancaster Pollard*
- *M&T Bank*
- *Newmark Knight Frank*
- *Omega Healthcare Investors*
- *PGIM Investors*
- *PNC Bank*
- *ReNew REIT*
- *Strawberry Fields REIT*
- *SunTrust*
- *Wells Fargo*

MBER
69

State of New York
Department of State
DIVISION OF LICENSING SERVICES

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URSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE
XECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS.

EFFECTIVE DATE

MO.	DAY	YR.
12	10	19

EXPIRATION DATE

MO.	DAY	YR.
12	09	20

LOCKARD BRYAN J
C/O JLL VALUATION & ADVISORY S
401 E JACKSON ST
STE 1500
TAMPA, FL 33602

TEMPORARY CERTIFICATION
BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A
. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

ROSSANA ROSADO
SECRETARY OF STATE

JLL Biography

Brian L. Chandler, MAI, CRE, FRICS

Executive Vice President

Current Responsibilities

Brian Chandler serves as the Executive Vice President in JLL's Valuation and Advisory Services (VAS) in the United States. In this role, he is focused on conducting appraisals, market studies, large portfolio engagements and consulting assignments for seniors housing and health care properties nationwide. Mr. Chandler has been actively engaged in commercial real estate valuation and consulting since 1989. In addition, experience includes real estate brokerage, tenant representation, asset management, preparation and desk review of consulting and valuation reports, market studies, cash flow analysis reports for owners/developers, insurance companies, pension fund advisors, governmental agencies, commercial lending institutions, and investment companies.

Experience

Prior to joining JLL in late 2016, Mr. Chandler was with a national valuation firm, where he most recently served as Managing Director/Partner with the Dallas office and Associate National Practice Leader of the Seniors Housing & Health Care Specialty Practice. Mr. Chandler has held senior level positions with Cushman & Wakefield and GMAC Commercial Mortgage.

Education and Affiliations

- University of North Texas, Denton, TX, Bachelor of Business Administration
- MAI designation by the Appraisal Institute (#12453)
- Member of the North Texas Commercial Association of Realtors
- Member of the American Senior Housing Association (ASHA)
- Member of the North Texas Chapter of The Appraisal Institute
- CRE designation by the Counselors of Real Estate in 2012
- Certified General Real Estate Appraiser in AL, AR, AZ, CA, CO, GA, HI, IA, IL, IN, KY, LA, MA, MD, MI, MN, MS, MO, NE, NJ, NY, NC, OH, OK, OR, PA, SC, TN, TX, UT, VA, WA

Contact

T: +1-214-396-5423
E: brian.chandler@am.jll.com

Certified General Real Estate Appraiser:

- *Alabama*
- *Arizona*
- *Arkansas*
- *California*
- *Colorado*
- *Georgia*
- *Hawaii*
- *Illinois*
- *Indiana*
- *Kentucky*
- *Louisiana*
- *Maryland*
- *Massachusetts*
- *Michigan*
- *Minnesota*
- *Mississippi*
- *Missouri*
- *New Jersey*
- *New York*
- *North Carolina*
- *Ohio*
- *Oklahoma*
- *Oregon*
- *Pennsylvania*
- *South Carolina*
- *Tennessee*
- *Texas*
- *Utah*
- *Virginia*
- *Washington*
- *Iowa*

UNIQUE ID NUMBER
46000050349

State of New York
Department of State
DIVISION OF LICENSING SERVICES

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Control No. 105600

EFFECTIVE DATE

MO.	DAY	YR.
05	07	18

PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS.

EXPIRATION DATE

MO.	DAY	YR
05	06	20

CHANDLER BRIAN L
C/O INTEGRA REALTY RESOURCES
700 E CAMPBELL RD STE 265
RICHARDSON, TX 75081

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed

ROSSANA ROSADO
SECRETARY OF STATE

DOS-1098 (Rev. 3/01)

JLL Biography

Adib Sarkis

Analyst III

Current Responsibilities

Adib Sarkis is an Analyst for JLL Valuation & Advisory Services Specializing in the senior housing and healthcare practices. Mr. Sarkis provides a wide array of advisory services including third-party valuations, market studies, and feasibility analysis throughout the United States. His primary focus includes the market research and financial analysis of active adult, independent living, assisted living, memory care, and nursing care properties located throughout the northeastern United States.

Previous Experience

Prior to joining JLL, Mr. Sarkis served as Senior Valuation Associate for CBRE Valuation & Advisory Services as a member of the Senior Housing & Healthcare Speciality practice.

Education and Affiliations

University of Connecticut, Bachelors Degree

- Major: Economics
- Coursework: International Finance and Economic Development

Boston Real Estate Finance Association
Massachusetts Board of Real Estate Appraisers

Appraiser Trainee:

- *Connecticut*
- *Massachusetts*
- *Maryland*
- *Pennsylvania*
- *Rhode Island*

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E: aj.sarkis@am.jll.com

Department of State

Division of Licensing Services

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Business Name: JLL

Business Address: 330 MADISON AVE

4TH FL

County: NEW YORK

License Type: LICENSED REAL ESTATE APPRAISER ASSISTANT
Expires: 10/16/2021

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JLL | Achieve Ambitions

Seniors Housing & Healthcare

U.S. Valuation Advisory

Achieving client ambitions through market insight.

Whether you're a portfolio owner, an institutional investor, or lender, it's critical to understand the precise value of a single asset, or global portfolio – particularly in today's ever-changing business and economic landscape.

JLL Valuation Advisory[1] is a global network of more than 1,700 professionals, operating from 44 countries, to deliver expertise across the commercial real estate spectrum. You can rely on us to look beyond present value assessments to understand market trends, competing assets and projected income to deliver accurate, reliable valuations, providing a strong foundation for any real estate transaction.

Driven by a passion for client service and powered by real-time data, world-class research and cutting-edge technology, our seniors housing and healthcare specialists can help you put knowledge into action.

We have longstanding connections with sector insiders, yet act independently to assess the value of each asset or portfolio. Our leadership team is also affiliated with several industry organizations, including NIC, ASHA, Revista, BOMA, ULI, NCREIG, and the Appraisal Institute.

We strive to be your trusted advisor of choice.

[1] U.S. property valuation and tax consulting services are performed by JLL Valuation & Advisory Services, LLC, a wholly owned indirect subsidiary of Jones Lang LaSalle Incorporated.

Associated asset types:

Seniors Housing:

- Age Restricted (55+)
- Active Adult
- Independent Living
- Assisted Living
- Memory Care
- Nursing Care
- CCRC/ LPC

Healthcare:

- Medical office
- Ambulatory surgery center
- Acute care hospitals
- Critical access hospitals
- Post acute care hospitals (LTAC/IRF)
- Micro hospitals/freestanding ERs
- Behavioral health
- Substance abuse treatment & recovery centers

Valuation Advisory

Specialized service offerings.

Reliable market valuations

- Appraisal, real property and going-concern
- Portfolio valuations
- Purchase price allocations (ASC 805 reporting)
- Litigation support
- HUD Section 232 Lean
- Fannie Mae & Freddie Mac
- Stark Law and anti-kickback compliance
- Net asset valuations per IPA guidelines

World class advisory services

- Market and feasibility studies
- Site selection
- Underwriting due diligence
- Financial modeling
- Expert testimony
- Fair market rent analysis
- Lease renewal & purchase options
- Consumer research surveys
- Valuating indexing & operational benchmarking

Property tax services

- Pre-acquisition consultations
- Assessment tracking and notification
- Annual income and expense reporting, where required
- Appeal recommendation and representation
- Post-appeal litigation support
- Preparation of tax budgets
- Tax bill tracking and approvals
- Abatement and exemption investigation and recommendation
- Reporting of business personal property tax returns
- Audit representation for business personal property tax returns

National platform
2019 year-end track record.

$1.3B
Valuation Advisory global transaction volume in 2018

1,700
Valuation Advisory professionals worldwide

$167.5B
in assets appraised in the U.S. in 2019

11,710
valuation assignments completed in the U.S. in 2019

207
Valuation Advisory professionals in the U.S.

$1.9B
in Healthcare assets appraised in 2019

1,691
Seniors Housing & Healthcare valuation assignments completed in the U.S. in 2019

50
U.S. states Seniors Housing & Healthcare valuation assignments completed in the U.S. in 2019

Awards and recognictions
Trusted advisors.

We've won numerous awards and recognitions which reflect the quality of the services we provide to our clients, the integrity of our people and our desirability as a place to work.

Top 70 Companies for Executive Women
National Association for Female Executives
3rd year in a row

World's Most Ethical Companies
Ethisphere Institute
12th year in a row

World's Most Admired Companies
Fortune magazine
4th year in a row

America's Most JUST Company in the Real Estate Industry
Forbes
4th year in a row

100 Best Companies
Working Mother
3rd year in a row

100 Best Corporate Citizens in the United States
CR Magazine
4th year in a row

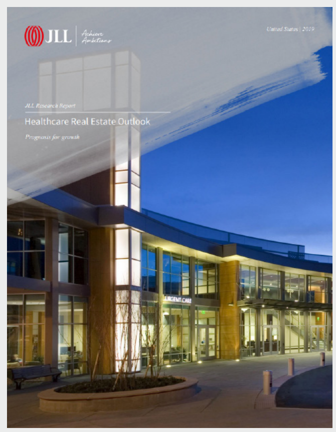
Perfect Score on the Human Rights Campaign Foundation's Corporate Equality Index
5th year in a row

World-class research

Market intelligence. Generations of data.

JLL's research team delivers intelligence, analysis and insight through market-leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Backed by over 400 research professionals in over 60 countries, our research and expertise is fueled by real-time information and innovative thinking around the world. We partner with JLL's research team to provide accurate market intelligence on specialized sectors, such as seniors housing and healthcare. Our collaboration creates a competitive advantage for our clients and drives successful strategies to optimize their real estate decisions.

U.S. Seniors Housing Investor Sentiment Survey
With the number of baby boomers reaching retirement age increasing in the next 10 years, the seniors housing sector will be a growth sector that will warrant a lot of attention. JLL's bi-annual Valuation Advisorys Senior Housing Investor Sentiment Survey provides perspective on what's ahead for the sector.



U.S. Healthcare Real Estate Outlook
Interest in healthcare real estate is increasing as fast as the industry is growing. Rising patient numbers and increased real estate spending point to long-term demand and cycle resilience for investment in healthcare-related buildings. This annual outlook reports the top trends in healthcare real estate.

U.S. Healthcare Construction Outlook
A quarterly development profile and overview of key trends affecting the United States healthcare sector.

U.S. Investment Outlook
A comprehensive, bi-annual look at U.S. investment trends by property sector reports on the themes that are expected to shape investor behavior in the months ahead.

Please visit us.jll.com/research for our latest reports.

To subscribe, please contact jllresearch@am.jll.com.

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JLL | Achieve Ambitions

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About JLL Valuation AdvisoryJLL's Valuation Advisory platform leverages the firm's global experience and deep knowledge of local real estate markets to provide industry-leading valuation, market analytics and advisory services to a wide range of clients. We offer the highest quality market insights and property valuations to help our clients make optimal business decisions and manage risk. JLL Valuation Advisory is comprised of over 1,850 valuation experts and 175 offices globally. For more news, videos and research resources on JLL, please visit the firm's U.S. newsroom.